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THE
UNITED STATES
IN
WORLD AFFAIRS

1945 - 1947

BY JOHN C. CAMPBELL
AND THE RESEARCH STAFF OF THE
COUNCIL ON FOREIGN RELATIONS
WITH AN INTRODUCTION BY
JOHN FOSTER DULLES



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which had kept them apart during the twenty-five prewar years. We can now see that inevitability, although we did not see it when we went hopefully to the San Francisco Conference. Then the underlying realities were still obscured by war romanticism. It was inevitable that the peoples of Europe and of Asia should emerge cruelly weakened and shattered by the terrible ordeal through which they had gone, and that the two centers of post-war vigor should be the United States, which emerged physically intact, and the Soviet Union, which, although seriously wounded, possessed vast areas and vigorous peoples untouched by war. It was inevitable that there should be tension between those who believe that the individual is the highest unit of value and that government exists to preserve freedom, and those who believe that the collective state is the highest unit of value and that individual freedom must be subordinated to conformity with the wishes of the state. It was inevitable that the believers in a free society should feel that their ideals would be unsafe if the world became preponderantly totalitarian and intolerant and that proponents of dictatorship of the proletariat should feel unsafe in an environment of individual freedom.

All of these things, I believe, could have been foreseen and indeed many of them were foreseen. The fact that they happened is no ground for pessimism or despair. It is a reason for a careful study of the resultant problem in order that we shall find internationally a way of life whereby differences of belief and practice may exist without those differences leading to violence. Many national societies have found such a way and there is nothing which makes it inherently impossible to find such a way internationally. That is the great problem of the future. Those who wish to help solve it ought, first of all, to acquaint themselves with what has actually happened in world affairs during the past two years. Theory divorced from fact is dangerous and there still persists an excessive hang-over of war illusion. It is, therefore, opportune that the Council on Foreign Relations has, with this volume, revived its policy of publishing a periodic survey of the foreign relations of the United States.

The volume attempts, and I believe very successfully at-

tempts, to give an unbiased factual account of what has happened. Of course, history can never be written in a way that is wholly objective. Every author must pick and choose, and exercise judgment as to what should be emphasized and what should be subordinated and what should be omitted. No two people would wholly agree in such judgments. This introduction does not imply my endorsement or confirmation of every statement, arrangement or omission of the volume. I do believe that the volume represents a work of high competence. I do endorse heartily the initiative of the Council on Foreign Relations in making available a volume which meets a great need and which measures up to the high standards which the Council has long maintained.

During the past two years the United States has been feeling its way toward a foreign policy commensurate with its present position in the world. The guiding lines have been support for the United Nations and peace settlements in Europe and Asia which will eliminate the risk of future German and Japanese aggression and give the peoples a good chance to restore a condition of well-being. We have sought on several major issues non-partisan national policies, supported by the leaders of both political parties and by the great majority of the American people. In this latter respect we have achieved considerable success. However, the substance of our foreign policy is not yet adequate to our responsibilities or to our needs. We shall need for the future foreign policies which are more dynamic, more constructive and more imaginative than any we have yet developed. Few students of Europe believe that that continent can become peaceful and prosperous if it is divided into a multiplicity of closed national compartments. Few students of Asia and Africa believe that a peaceful future can be assured if white persons go on acting as though their color gives them permanent superiority over those of a different color. Few students of American hemispheric problems believe that solidarity will be advanced by a form of association so loose that unilateral action seems to be the rule and cooperative action the exception. Few believe that the United Nations will develop

the strength to maintain peace and well being in the world unless it develops a rule of law and generates processes that are curative and creative.

In all of these respects, the United States has a great, indeed the greatest, responsibility. We can, however, act effectively only as that is the will of our people. There needs to be increasing popular understanding of the nature of the world problem, and the development of a consensus of public opinion as to how our nation should conduct itself in the world. All who believe in the free institutions of which we talk so much have a duty to carry part of the burden of that great task. All such will find value in this volume.

development of American policy. As this survey appears year after year, the treatment of some topics may benefit by not being chopped into annual installments.

The selection of the dates which are to bound these surveys is a matter of convenience rather than of importance. As a rule each volume of *The United States in World Affairs* will cover the events of only a twelve-month period, but in this first volume we had the difficult problem of treating the events of a period of nearly two years in length, from the end of hostilities in Europe to the spring of 1947. The exact cut-off date varies with the topic treated. Thus the discussion of the German problem ends with the opening of the Moscow Conference on March 10, of the Near East with the President's message to Congress on March¹² 12, and the treatment of Japan with the general election of April 25. Inevitably there will be loose ends and unfinished business to be taken up in the next volume, but the scheme adopted seemed more reasonable than an abrupt termination of all the topics in each annual survey at the close of the calendar year or on any other uniform date.

The purpose of this book is to present a straightforward, factual account of world events as they affected the United States. No attempt is made to weave the story around a central theme. So far as the book has such a theme, which is obvious from the events themselves, it is the rivalry of America and Russia for world leadership. Relations with the Soviet Union became the great problem of American foreign policy at the end of the war. In the spring of 1947 they remained the great problem. This book offers no solution to this or any other issue facing those responsible for the conduct of our foreign policy. If it contributes in any way to better understanding of the facts and issues involved, it will have achieved its purpose.

J. C. C.

New York, May 1947.

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THE
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IN
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1945-1947

CHAPTER ONE

WORLD WAR AND WORLD-WIDE RESPONSIBILITIES

1. 1945 and 1939

ON THE first day of September 1939, Adolf Hitler unleashed his attack upon Poland, plunging Europe into war. President Roosevelt, two days later, told the American people that "this nation will remain a neutral nation." "I hope the United States will keep out of this war," he said. "I believe that it will . . . As long as it remains within my power to prevent, there will be no blackout of peace in the United States."¹

Six years later the war ended with the surrender of imperial Japan, which had been able to hold out but a few months after the collapse of Hitler's "invincible" German armies and his "thousand-year Reich." Those intervening years witnessed the greatest and most terrible war in history. The blackout of peace extended to every continent. Fought with ever more efficient engines of destruction, culminating in the use of the most potent weapon ever devised, the war spread devastation over Europe, Asia and Africa, drawing into its vortex also the human and material resources of the more fortunate nations of the western hemisphere. It uprooted nations, classes, political and social institutions. It unchained human passions and race hatreds, broke down accepted moral standards; even in final defeat, the Nazis could feel satisfied that the world would long be infected by the poison they had spread.

In the crisis of 1940, when Hitler's armies overran France and stood poised for the invasion of Britain, Americans faced the fact that they could not, by legislating neutrality, insulate

¹ Whitney H. Shepardson and William O. Scroggs, *The United States in World Affairs*, 1939 (New York, 1940), 159.

themselves from a world at war. Up to that point the Nazis had shocked American opinion by their philosophy of force, their persecution of minorities, their ruthless methods, their deliberate aggressions against neighboring states; but that was considered essentially Europe's problem, not America's. In 1940, Germany bestrode the continent of Europe and threatened the western hemisphere. On September 27, Berlin, Rome and Tokyo announced a new Axis pact clearly aimed at the United States. If Britain had fallen, America would really have had isolation, not an isolation of safety while other nations fought out their wars in distant places, but one of danger in the face of a hostile coalition controlling both Europe and Asia. In these circumstances, the country was prepared to take the risk of war to send aid to Britain and, after June 1941, to Russia. Roosevelt, in meeting Winston Churchill to draft the Atlantic Charter, served notice to the world of our firm intention to see Germany defeated and to take part in building a more peaceful and just world order.

After Pearl Harbor the United States, as the most powerful member of a great war coalition, assumed the leading role in world affairs which it had not played in time of peace. During 1942, as General Marshall's review of the war points out, it was the refusal of the British and Russian peoples to accept what appeared to be inevitable defeat that turned the tide at El Alamein and Stalingrad and gave the United States the necessary time to put its armies into the field.² In the last years of the war American power was decisive. Without detracting from the magnificent efforts made by others of the United Nations, one could truthfully say that it was American manpower, American skill, and above all the overwhelming weight of American matériel which broke the German power in western Europe and that of Japan in the Pacific. On the eastern front, where the Russians carried an immense burden alone, facing the bulk of the German Army for four years, America made a great contribution in equipment.

² *Biennial Report of the Chief of Staff of the United States Army to the Secretary of War, July 15, 1943, to June 30, 1945* (Washington, 1945), 1.

In 1918, power, influence and prestige had entitled America to a position of responsibility and leadership. Our increasing participation in world affairs since the turn of the century had led logically to this position. But the United States, in 1920, turned its back on Europe and on the League of Nations. The result was the dilemma of 1939, when our answer to the outbreak of war was to declare neutrality and then cast about for ways to disregard it in order to safeguard our permanent interests. The choice, in the 1939-1941 period, lay between entry into a war not of our own making, on the one hand, and on the other, acquiescence in the triumph of powers which scorned our principles and threatened our national security. Because the American people had been unwilling to risk war by trying, through alliances or collective security, to prevent it, they helped to give the initiative to the aggressive powers. But the aggressors, in turn, made the fatal mistake of interpreting this negative policy as weakness and of counting on American passivity even in the face of a drastic change in the balance of power in Europe and Asia

In 1945, as the war ended, it was not likely that 1920 would repeat itself. The United States was "entangled" in world affairs as never before: visibly, by the presence of its armed forces in every quarter of the globe; morally and legally, by the pattern of associations and commitments which in the midst of war had created a new world organization, the United Nations; more fundamentally, by the profound change which had taken place in the distribution of power among nations; and, not least of all, by the apparent willingness of the American people to accept responsibilities which in 1939 were beyond the thoughts of the most ardent "interventionists."

2. The World Position of the United States

Before the war there were seven great powers. At its close there were but three. France and Italy had not stood the test of total war. Germany and Japan, after winning temporary control of huge empires, had been brought to complete military defeat.

The decisions of the Allies to strip them of their conquests, occupy their home territory, and deprive them of the power to make war eliminated them, at least for some time to come, as great powers. The war was won by the three "super-powers": the United States, the Soviet Union, and Great Britain (with the Dominions and the Empire). Theirs were the armies and fleets which encompassed the defeat of the Axis, theirs the war-time decisions and agreements which set the pattern of postwar Europe and Asia; theirs also was the responsibility for establishing a durable peace.

Europe had been for centuries the center of world power and of world politics. Once before, in 1917-18, America had intervened decisively in a European war and had exerted a great influence in making the peace. Then, of its own volition, it had retired into a passive role. Hitler thought of his war of 1939 as a European war. He won that war within a year. But the very magnitude of his victories, which gave him mastery of the continent, raised up against him a world coalition whose victory in Europe was organized from centers of power outside Europe. Under the Nazi "new order," Europe had been forcibly united for the purpose of waging war, but with Germany's collapse the whole continent west of Russia became a "power vacuum," into which the three major Allies were drawn. In Asia, the collapse of Japan and the continued weakness of China created another vacuum. Except in areas immediately adjacent to the U.S.S.R., it was filled, for the time being, by the power and influence of the United States, which had borne the main burden of the war in the Pacific.

In the past the existence of several great powers, with the uncertainties of changing alignments, gave a certain elasticity, a shock-absorbing quality, to the international system. In a world of but three great powers the shocks would be more direct. Even more true would this be if the three became two. Great Britain, in manpower and resources, was far behind America and Russia. Its world position depended on the solidarity of the British Commonwealth and on the maintenance of a world-wide empire, linked by a series of strategic routes and strong points.

England's naval and economic strength had provided the sinews of empire and had drawn into the British orbit many smaller nations. The war had gravely weakened the British system. Driven from the European continent by the Germans in 1940, the English had to fight desperately to save their own island. They could not defend their whole far-flung empire single-handed against the Axis assault. The Dominions found that their security depended more on American than on British power. The British possessions lost to Japan were regained by virtue of American victories in the Pacific. To fight the war Britain had to liquidate many of its overseas investments and to incur heavy debts. Its industrial plant, by the end of the war, was run down. The British people, exhausted by their great war effort, needed American economic support to get back on their feet. Faced by great problems at home, they had not the power to hold their empire and their world-wide strategic positions against the nationalism of colonial peoples and the challenge of the Soviet Union, now by far the strongest power in Europe and Asia.

In fighting the war the affairs of Britain and America became "somewhat mixed up together," as Winston Churchill had predicted in one of his great war speeches. They functioned in military affairs with Combined Chiefs of Staff and with single commands in the field, in economic affairs with combined boards for the allocation of food and raw materials. Would they, after victory, continue to act together politically to maintain the balance of power in Europe and to uphold the British sphere of influence in the Middle East? Britain, under the policy of Ernest Bevin, Foreign Secretary in the new Labor Government, as under that of Churchill and Eden, hoped that they would. But it was a question which would have to be answered by the United States, the stronger power of the two.

America's wartime relations with its other great ally, Russia, were never on the same plane as with Britain. This "strange alliance," as the chief of the U.S. military mission in Moscow called it,³ was clouded by suspicion and, more important, by

³ John R. Deane, *The Strange Alliance* (New York, 1947).

real conflicts of principle and of policy. Roosevelt recognized these conflicts. He hoped that by patience and by showing understanding for Soviet security needs he could nevertheless bring the Soviet Union into a general international organization, establishing a permanent basis for cooperation. The President did not want to conduct a political war against the Soviets while fighting the military war against Germany. He did not wish to see Europe turned into a battleground between western and Soviet influence. He worked for a system of joint tripartite action to guide its political and economic reconstruction, an aim which found expression in the Declaration on Liberated Europe, signed at Yalta in February 1945. A few months later, when the President died, the Declaration had already proved unworkable. Tension had risen over Soviet policies in eastern Europe and over Germany. No agreement had been reached on the fundamental points of a peace settlement. Even before the final collapse of the Reich, the United States and the Soviet Union were engaged in a contest for power and influence in Europe. Upon the defeat of Japan they were openly involved in a similar struggle in Asia. The principal problem facing postwar American statesmanship was the adjustment of those differences without the sacrifice of American interests.

The end of the war found America with power so great that it could hardly avoid world-wide responsibilities. The aftermath, like that of the first World War, was bound to be disorderly. There would be famine, economic dislocation, and political convulsions. America, economically strong and politically unshaken by the war, with the prestige of victory, was obviously in a position to exert a great influence. The American people had indicated their willingness to play an active part in world affairs. The United States was prepared to join an international organization to keep the peace. It was prepared to occupy German and Japanese territory for an unspecified period, to take measures to guard against a recurrence of their aggressions, even to try to teach them to be democratic. Beyond that, what the new responsibilities would be, and what they would cost, was uncertain.

3. *War Aims and Propaganda*

Setting a course in the postwar world did not involve only calculations based on power. Power could be used to support a policy of isolation, or of grand-scale imperialism, or of leadership toward new forms of international organization. America's choice, whether conscious or not, was certain to be influenced by less tangible factors, by political and economic pressures, ideals and prejudices, traditions and principles.

The American habit of thinking and talking of international relations on the ethical plane may be attributed largely to the historical development and the geographical location of the United States. The tradition of political freedom and democracy has consistently colored the American view of the rest of the world, while the distance of their country from Europe enabled Americans to take a high moral tone toward the disputes and "intrigues" of other nations. This is not to say that America sacrificed interests to follow ideals. The Monroe Doctrine and the Open Door in China, two fundamental policies, were based on clearly understood national interests though clothed in the language of idealism; they represented, moreover, a definite assumption of international responsibilities. In Europe, where our interests were less direct, after the first World War an American President did try to apply American principles, to bring about a peace settlement based on democracy and on justice. His failure resulted in disillusionment among the American people, but they were disillusioned with Europe, not with the principles.

The involvement of the United States in the second World War can be explained by the threat to its security which would have resulted from the victory of potentially hostile powers. The descent into war with Japan can be ascribed to American unwillingness to be shut out of the Chinese market. But such explanations are not complete. Germany and Japan were potentially hostile because of the conviction among their leaders, as among ours, that the fascist and democratic systems could not live together in the same world. The ideological war had been

going on for a decade. Having watched the suppression of democratic liberties in the Axis nations, the seizure of neighbors' territory, the open contempt for treaty obligations and for the canons of ordinary human decency, Americans were not "neutral in thought," as President Roosevelt recognized in his address of September 3, 1939.

The President, during that period, gave voice to the sentiments of the great mass of Americans, and of people all over the world, who abhorred the doctrines and the practices of the Nazis, the Fascists and the Japanese militarists. The issuance of the Atlantic Charter in August 1941, signed by Roosevelt and Churchill while the United States was still technically neutral, was a recognition of that position of moral leadership. It proclaimed, in effect, that America would use its strength and its influence for a peace settlement which would embody the ideals set forth in the document itself. On the political side these were the ideals, somewhat more cautiously phrased, of Woodrow Wilson. On the economic side they were those which had recently found renewed expression in the policies of Cordell Hull. Behind them was the concept that peace and orderly progress in the world must be based on freedom, the freedom of nations to govern themselves and to trade with each other on a basis of equality.

The attack on Pearl Harbor brought full American participation in the world alliance to which Roosevelt and Churchill gave the name of the United Nations. Those nations, on New Year's Day, 1942, signed a declaration to wage war and to make peace together, a declaration which incorporated the Atlantic Charter. President Roosevelt did not specify American war aims in the manner of Wilson's Fourteen Points. Yet the situation, as the end of the war came in sight, was the same as in 1918 in that many nations, groups and individuals looked to America for leadership and for material help in building a new order or in rebuilding an old one.

The United States engaged in "ideological warfare" on a grand scale during the war. Our propaganda was directed not merely to disrupting the morale of the enemy nations, but to gal-

vanizing resistance to them everywhere, encouraging in occupied nations the hope of liberation both from the foreign overlord and from his local quislings, and expounding our belief in democracy. The Office of War Information and the Office of the Coordinator of Inter-American Affairs poured out millions of words. They told the world of America's overwhelming strength and of America's ideals. The statistics they quoted on our war effort were impressive. The first-hand evidence of our military might in country after country throughout the world was even more impressive. Everywhere there was respect for American power. There was also, partly because of our proclaimed ideals and principles, what Wendell Willkie called a "reservoir of good will" toward the United States.

How would America make use of its power and this reservoir of good will? Would we strive for a peace and a new world order based on our concept of freedom and democracy? The United States was strong, but it was not strong enough to ensure respect for the Atlantic Charter and the Four Freedoms "everywhere in the world." Our wartime propaganda glossed over the conflicting ideologies and interests within the United Nations coalition. It sometimes preached principles which, when it came to concrete application, were inconsistent with each other, with military requirements, or with political and economic interests of our allies. On the one hand, for example, we stood for the right of liberated peoples freely to choose their form of government; on the other, we stood for non-intervention in their affairs. Would we intervene against those who denied the right of free, democratic election? Even before the end of the war the problems of Italy, of liberated Europe, of Latin America, of China, of the colonial areas, had presented situations where our proclamation of principles had aroused hopes not likely to be fulfilled. As a consequence, there was already some disappointment and, above all, uncertainty and confusion concerning the policies which America would follow after the war.

Uncertainty abroad was matched by confusion in American opinion. The ideological character of the war, as a struggle be-

tween two ways of life, had been generally accepted. But had military victory brought the fulfillment of our war aims and the triumph of our principles? If the United States had deviated now and then from the path of principle, our allies had been even more remiss. They seemed to be going back to the old methods of seizing territory, dominating smaller nations, preparing strategic positions, restoring colonial empires. The greatest offender, in American eyes, was the Soviet Union. During the war, the differences in doctrine and in political and economic systems between the United States and the Soviet Union had been officially ignored, so far as that was possible, and generally played down in the interests of the common war effort against Germany. Our propaganda offensive against Nazi totalitarianism, however, was in many respects applicable also to the doctrines and practices of Soviet Russia.

When, toward the end of the war, the Soviets pushed ahead with their own political and strategic policies, in violation of many of the principles held by Americans and without seeking action in common with their allies, American opinion was conditioned to react strongly against them. The Soviets themselves left no doubt on the point that the victory over the Axis powers still left the world ideologically split in two. They were offering the world their principles and their type of freedom and democracy, which resembled ours in words but not in content. The reasoning that America did not fight the war, with all its sacrifices, to replace one kind of totalitarianism with another carried a good deal of weight with Americans. The effort to reach adjustments and long-term understanding with the U.S.S.R. which the government felt bound to make would certainly have to take into account this attitude, this definite hostility of a large segment of American opinion toward communism and toward Soviet policies.

4. Wartime Decisions and Commitments

In addition to our national strength and our professed ideals, a third element was significant in coloring American foreign

policy after the war and in determining its direction. This was the series of political and economic decisions taken during the course of the struggle. Some of these were clearly dictated by military considerations. Such was our policy toward Vichy France, which gave aid and comfort to fascists and compromised our political aims but prepared the way for the successful Allied invasion of North Africa in 1942; such was our aid to Tito, which helped communism to power in Yugoslavia but also increased the pressure on the occupying German armies. Assignments of command and decisions on what forces would operate in different theaters of military operations had an undeniable influence on subsequent political developments in Europe and in the Far East. When our armed forces took over control of foreign territory, the occupation could not be confined to military aspects. The presence of American troops in Italy and our share in the direction of Italian affairs in the armistice period were bound to have lasting political effects. In China the United States, as the only great power in a position to cooperate militarily with the Chinese against Japan, became involved in Chinese internal struggles to a degree hardly foreseen or desired by the American people. In Latin America our economic warfare measures created a new series of problems in inter-American relations which would have to be faced in the postwar period. Intimate collaboration with Britain, undertaken as a means of winning the war, was likely to be continued after the war in many fields.

These are random examples, cited to illustrate the fact that our participation in a world war was inevitably accompanied by decisions with political implications and consequences. More important still were the commitments consciously made with a view toward charting the course of postwar policy. At a series of international conferences President Roosevelt and his advisers pledged the United States to cooperation in the establishment of a world security organization, to participation in the occupation of defeated enemy states, to acceptance of certain territorial and other changes which anticipated the peace settlement. Furthermore, the United States took the initiative in set-

ting up, during the war, a number of international organizations intended to set the pattern for postwar economic relations.

Soon after Pearl Harbor there was established in the State Department, on the direction of the President, a number of special committees, aided by a research staff. Their assigned task, to study and make recommendations on problems of postwar foreign policy, was premised on frank acceptance of the idea that the United States would play a leading role in the creation of a new world organization, in the peace settlements, and in the postwar economic order. The committees became less active after the resignation of Sumner Welles from the Department, but the work was continued. It formed the groundwork for the development of American policy on world organization and, to a lesser extent, on the occupation and control of the enemy countries and on the peace settlements. Moreover, the association of members of Congress of both parties and of distinguished private citizens in this preparatory work laid the basis for the national, non-partisan foreign policy which developed at San Francisco and in the peace treaty negotiations.

In October 1943 Secretary of State Cordell Hull met the British and Soviet Foreign Ministers at Moscow in the first of a series of tripartite wartime conferences. The following month Roosevelt conferred with Churchill and Chiang Kai-shek at Cairo, and with Churchill and Stalin at Teheran. In 1945 the heads of the three governments met again at Yalta and, with Truman replacing Roosevelt, at Potsdam. Throughout the war Roosevelt was in constant touch with Churchill by cable and telephone and in eight personal conferences at Washington, Hyde Park, and Quebec.

At these meetings, which dealt with both military and political affairs, the postwar planning hitherto carried on separately in each capital was brought forward to the stage of Allied agreements. At Moscow Hull obtained acceptance of the plan to create an international security organization, later elaborated at Dumbarton Oaks, Yalta and San Francisco. This Four-Nation Declaration of October 30, 1943, was accepted almost precisely as drafted in the State Department's special committees. At Mos-

cow it was also decided to reestablish an independent Austria and to set up a European Advisory Commission to work out the basis for dealing with Germany in the occupation period. Later the zones of occupation in Germany were agreed upon. In negotiating the armistices for the former Axis satellites in eastern Europe, in 1944, the United States accepted territorial changes and reparation settlements in favor of Russia and consented to Soviet occupation of those countries. At Yalta Roosevelt and Churchill accepted the cession of eastern Poland to the U.S.S.R. and the proposition that Poland should be compensated in the west at the expense of Germany. At Cairo in 1943 it was decided what Japan should lose in the Far East; at Yalta it was decided what Russia should gain there. At Potsdam the basic policies to be pursued toward Germany and Japan were worked out.

These decisions, except the Potsdam agreements, were made by President Roosevelt or under his direction. Those which have been most criticized, the agreements which gave the Soviet Union added territory and helped it to assume a predominant position in eastern Europe, were made with a view to ensuring that Russia would continue to throw its full military strength against Germany. The President had to consider the cost of the war in American lives. He also had in mind his "grand design" of establishing the new world organization on the firm basis of Soviet-American cooperation. For one thing, what was conceded to the Soviet Union, in Europe and the Far East, was roughly what Tsarist Russia had held in 1914; these gains could be justified as meeting the legitimate desire for security. For another, the Soviets were in a position to take what they claimed; if agreement to the unavoidable could bring about full Soviet cooperation with us in world affairs, it might be worth it.

Some of these agreements were made public, others were kept secret. Made in wartime, when the executive necessarily had virtually unlimited authority, they were not submitted to the Senate as treaties or subjected to full public debate. Such a debate would have trespassed on the field of military strategy, where secrecy was imperative, and could not have failed to give aid and comfort to the enemy. There was, nonetheless, some re-

sentment in Congress over the practice of concluding "secret treaties," for once the commitments were made to foreign governments they could not easily be retracted.

Some aspects of Roosevelt's agreements contained the seeds of future trouble. In the first place, the Soviet territorial gains were difficult to harmonize with the Atlantic Charter. Secondly, the Soviets insisted on going their own way in eastern Europe, scorning the method of joint Allied action for which Roosevelt had worked and to which he obtained Stalin's agreement at Yalta. Thirdly, despite the reiterations of Allied unity on fundamentals, the agreements did not produce any real meeting of the minds on how Europe and Asia would be organized for peace. From Roosevelt's cooperative attitude the Soviets apparently got the impression that they could push ahead in Europe, "liquidating fascism" in their own way and establishing their own type of democracy, without American objection. Both the U.S. Government and American opinion, on the other hand, believed that the wartime agreements were a more than generous recognition of Russia's legitimate security interests, and that further concessions would be "appeasement" of what seemed to be a growing appetite.

Our foreign economic policy during the war was devoted to the stupendous tasks of supplying Allied armies and civil populations all over the world, of feeding America's voracious war industries with raw materials, of competing with the enemy in markets everywhere for vital resources. These vast operations were carried on by a host of governmental agencies. To coordinate economic measures with those of our Allies, many problems were dealt with by joint bodies such as the Combined Food Board, the Combined Raw Materials Board, and the Middle East Supply Center. These agencies, like the policies they carried out, were essentially instruments of economic warfare. Though they were bound to leave a postwar heritage, American economic policy after the war would be determined primarily by decisions taken with respect to participation in the immediate task of large-scale relief and reconstruction abroad, and to longer-term problems of trade and financial relations. Early in

the war the United States set up an agency to make plans for rushing relief supplies to the occupied Allied peoples on their liberation. With the organization of the United Nations Relief and Rehabilitation Administration in 1943, this became an international undertaking, although it was agreed from the start that its members would give according to their abilities and receive according to their needs. The United States thus assumed the burden of supplying the major portion of the necessary funds and supplies.

On the longer-term economic problems the United States again took the initiative in seeking a framework for cooperation in new international organizations. In 1943, while in the political field the United Nations existed only as a wartime alliance, conferences were held at Hot Springs, where the United Nations Food and Agriculture Organization was established, and at Bretton Woods, where agreement was reached on the International Bank and Monetary Fund. At Chicago, in 1944, the Provisional International Civil Aviation Organization was set up. Unlike the Big Three meetings, these conferences were not enveloped in secrecy. They included all the United Nations who chose to come; the civil aviation conference even included some neutral states, a reason given by the Soviet Government for its refusal to attend. And the agreements which they produced were treaties subject to ratification by the Senate. When ratified, they committed the United States to international cooperation in many fields of postwar economic policy. On another and most important phase, trade policy, the State Department was preparing a new offensive for the Hull program of freer world trade. In the lend-lease agreements the United States had obtained from the receiving nations a general promise of support for such a program. But there was no certainty that those nations, faced with critical economic problems of their own, would be able to carry out the promise.

The real test of American economic policies, the pattern of which was already clear before the end of the war, would come when the magnitude of the destruction, waste, famine and economic chaos was revealed in the years following the end of the

fighting. Those conditions were to reveal the economic dependence of the rest of the world on America and the great economic power of this country relative to others. Much would depend on the reaction of other nations to our economic preponderance, and much on the willingness of the American people to use it wisely.

5. The Making of Postwar Policy

The making of foreign policy, particularly American foreign policy, is a subject on which any analysis must be tinged with speculation. In simple terms, it is a question of who makes decisions and what influences are brought to bear upon those who make them. It involves personalities; it involves questions of governmental organization; and it involves intangibles, one of the most significant being the interrelation between policy-makers and public.

Decisions on foreign policy are made every day by officials on differing levels of authority and responsibility. The importance of the permanent career officials in the State Department and Foreign Service, for example, in providing continuity of policy is often underestimated. On occasions the Secretary of State may be by-passed by his own subordinates, by other cabinet officers, or by some other individual who has the ear of the President. No account of Roosevelt's policies in the war years could fail to take account of the influence of Harry Hopkins or of Admiral Leahy. If the evidence is available, any specific decision can be analyzed in terms of the personalities who contributed to it. In a brief general discussion such as this it is enough to note the role of the two men with the ultimate responsibility for the conduct of our foreign relations, the President and the Secretary of State.

Franklin Roosevelt occupied a position which was in many ways unique. As was commonly said, he was his own Secretary of State; since his first re-election in 1936 he had devoted himself more and more to foreign affairs. During the war he made a great number of decisions himself which might have been left

to the State Department. He established personal relationships with the leaders of the other Allied nations. To millions all over the world he represented America. Like Wilson in 1918, as a champion of human freedom and a successful war leader he had enormous prestige. The effect of his sudden disappearance from the scene, on April 12, 1945, was incalculable. What the direction of American policy in the following period would have been had he lived will never be known. With new men in charge, there could be no question that the methods would change.

Cordell Hull retired as Secretary of State toward the end of 1944. Roosevelt's death, consequently, left the conduct of foreign affairs in the hands of two men who were comparatively inexperienced and were virtually unknown abroad, Harry Truman and Edward R. Stettinius, Jr. America's postwar policy, always an uncertain quantity in the eyes of the world, became even more of a question mark despite the public assurances that Roosevelt's work would be carried forward. The success of the San Francisco Conference, accomplished under the momentum of previous negotiations and because none of the participating powers could afford to let it fail, had a reassuring effect, both in the United States and abroad. Then, at its close, the President announced the appointment of his own choice for Secretary of State, James F. Byrnes.

Secretary Byrnes's tenure of office covered roughly the first year and a half after the war. Save for the brief experience of the Potsdam Conference, which his position as chief executive required him to attend, Truman left foreign affairs very largely to his Secretary of State. This abandonment of White House diplomacy was to be expected, both because Truman was not Roosevelt and because the problems of peace were unlike the problems of war. The effect was to throw a great burden on the shoulders of Byrnes. Himself inexperienced in the field of international relations, he was immediately beset by the problems of the European settlement. The major unsolved problem which Roosevelt bequeathed to his successors was that of our relations with the U.S.S.R. So long as the war continued, Roosevelt had

been able to follow a policy which called, at the same time, for cooperation with Russia, repudiation of the concept of spheres of influence, and a European settlement based on the principles of the Atlantic Charter. By the time of his death, the contradictions contained in these aims had already become apparent.

From the moment he took office, Byrnes had to deal with the reality of the expansion of Soviet power into central Europe. He had to define America's role in Europe in terms of specific issues. In this he had to feel his way, as conference followed conference and one critical situation succeeded another. He learned to deal with the Soviet Union the hard way of personal participation in long and tedious negotiations. Temperamentally, Byrnes was not inclined to share his responsibilities with his subordinates. He left no doubt that he intended to be in fact the Secretary of State, not the spokesman of the ideas of others, in handling the crucial issues of American policy toward Russia. The successes, and the shortcomings, of that policy were therefore peculiarly his own. Concentration upon European questions, however, made it impossible for him to devote adequate attention to Latin America and to the Far East; this was unfortunate in view of the urgency of the problems which those areas presented. Also, because he was so often absent from Washington for conferences in Europe, he had to let the State Department run itself much of the time. Under-Secretary Dean Acheson gave it competent direction, but the absence of the Secretary, combined with the lack of direction from the White House, undoubtedly hampered the working out of a coordinated world policy.

It was widely believed that the State Department, though it had expanded during the war, was still inadequate both in its organization and in the quality of its personnel, to handle the many and formidable new problems to be faced. The Foreign Service was obviously too limited in numbers to do the job required of it. The periodic reorganizations of the Department undertaken during the Hull and Stettinius regimes had been little more than a reshuffling of existing divisions. Byrnes, shortly after taking office, announced he was planning a "reor-

ganization to end all reorganizations," but it never materialized. Work did go forward on new legislation to reorganize the Foreign Service, which was greatly strengthened by the resulting law of August 13, 1946.⁴ Besides raising the salary level, it provided for more flexibility in shifting officers between Washington and the field and in utilizing the personnel of other government agencies.

Meanwhile, a more or less unplanned reorganization was taking place as wartime agencies were liquidated. During the war our foreign relations were necessarily carried on by a number of agencies which functioned directly under the authority of the President, among them the Lend-Lease Administration and the Board of Economic Warfare (later merged in the Foreign Economic Administration), the Office of War Information, and the Office of Strategic Services. Theoretically they had operational rather than policy functions, for Secretary Hull jealously guarded the prerogatives of the Department of State in the field of policy. Actually, their day-to-day decisions inevitably influenced policy. Although Congress had accepted the view that these agencies must be wound up at the war's end, it was conceded that some of their functions should be continued, either temporarily in order to liquidate wartime operations, or permanently as necessary auxiliary instruments supplementing the traditional forms of diplomacy.

If war propaganda was no longer necessary, it was still thought necessary to explain to the world the policies of the United States, especially since other states were maintaining propaganda services and were giving the world their respective versions of current developments. The value of "intelligence" for the conduct of foreign policy as for military operations, of full information plus sound analysis of developments abroad, had been amply proved. Consequently, in the autumn of 1945, the foreign operations of the OWI and the Research and Analysis Branch of the OSS were transferred to the State Department; later, in January 1946, a separate National Intelligence Authority was created. Some sections of the FEA were similarly

⁴ Public Law 724, 79th Congress, 2nd Session (H.R. 6967).

"blanketed" into the State Department. Even without these added economic functions, which were in large part temporary, the Department had already expanded its economic activities immeasurably as compared to the prewar period. The growing importance of this phase of the Department's work was later seen in the creation, in August 1946, of the post of Under-Secretary of State for Economic Affairs.

These administrative changes were accompanied by a good deal of bureaucratic wrangling. They did not produce the "streamlined" Department that many outside critics called for. But they did reflect the realization that the position of the United States in the postwar world required a State Department expanded far beyond the prewar or wartime establishment.

The war had made apparent also the close connection between the foreign policy and military policy. During the conflict, of course, foreign policy had been in a sense an adjunct of our military strategy. The War and Navy Departments had more to say about some foreign policy decisions than did the State Department. After the war, with power a decisive factor in the adjustment of relations among the victorious Allies, the desirability of coordinating military with political and economic policies was obvious. In the administration of occupied enemy territory it was a practical necessity. American generals in command of occupying armies or serving on control commissions had jobs which were in large part political. The situation called for continuous consultation among the State, War and Navy Departments, which was done chiefly through a coordinating committee, set up in December 1944, whose task was to formulate joint policy directives for occupied areas and on other matters having both political and military aspects.

President Truman's tendency to place reliance on military men in policy positions and in diplomatic posts abroad was another indication of a concept of the importance of military power in foreign relations not present in the prewar organization. It was also a source of some disquiet and criticism, the conduct of foreign relations being traditionally a civilian responsibility. Notable among his appointments were those of General

George C. Marshall as special envoy to China, General Walter Bedell Smith as Ambassador to the Soviet Union, and Major General John H. Hilldring as Assistant Secretary of State.

In still another field the State Department was expanding its activities, that of relations with the public. The experience of the inter-war period had shown the critical importance of public opinion in determining the success or failure of any foreign policy evolved in Washington. Democratic procedures could not always be applied in the field of foreign policy. Negotiations with foreign states are not considered a proper subject for a daily referendum to the people. Many matters have to be withheld from publication, at least temporarily. In others the policy-makers may feel compelled to follow a consistent line over the years rather than the vicissitudes of a less well-informed public opinion. The State Department realized, however, that it could do more itself to create a well-informed public, and also that the policies envisaged for the postwar period could not succeed unless given the backing of the American people.

The circumstances seemed to warrant a wider area of contact with the public than the time-honored channel of the press release. There was a gradual development, beginning in 1943, of a special group of divisions in the State Department charged with the double assignment of interpreting the Department's policies to the public and analyzing public views and opinions for the benefit of policy-making officials. The latter function, enabling those officials to take account of public attitudes at all stages of consideration of a problem, had obvious advantages both for the State Department and for the public. The former was more controversial. It involved, briefly, contacts with private organizations interested in foreign affairs, distribution of documentary and explanatory material in digestible form, radio programs, speeches by Departmental officers, in fact everything which might be described as giving the public a maximum of information. Naturally this was open to the charge of being propaganda to "sell" the official policies to the public. Certainly the Department did a remarkable job of explaining the Dumbarton Oaks Proposals all over the country and of mobilizing

support for them. The comparative lack of opposition to American participation in a world organization may have been partly attributable to these efforts and to the decision to invite to San Francisco representatives of forty-two private organizations as consultants to the U.S. Delegation.

Such "informational" activities were also, in some instances, aimed indirectly at Congress. Where issues on which the State Department was explaining its position to the public were before Congress, official publicity campaigns could be interpreted as a form of pressure on Congress for favorable action. The Department naturally wished to avoid giving grounds for such a charge, but the line between informing and persuading was not easy to draw, especially when the Department was anxious that both the people and the Congress be persuaded of the validity of its case.

The role of Congress in foreign affairs was becoming more and more important as the war drew to a close. Congressional support would be vital to the success of UNRRA, of the Bretton Woods agreements, and of all the other international economic organizations and activities which depended on American funds. The trade policy for which the executive branch of the Government was trying to obtain the support of other nations could not succeed unless Congress accepted tariff reduction. On the political side, the charter of the world organization and the peace treaties would have to be ratified by the Senate.

In a studied plan to avoid one of Wilson's greatest mistakes, Roosevelt and Hull brought into the early discussions on post-war policies leading Democratic and Republican members of Congress. Foreign policy was largely removed as an issue of the 1944 election when both candidates agreed to stand by the Dumbarton Oaks Proposals. Senators Tom Connally, chairman of the Committee on Foreign Relations, and Arthur Vandenberg, its senior Republican member, who had repudiated his former isolationism in a memorable speech of January 10, 1945, served on the U.S. Delegation at San Francisco. Their association with and support of the creation of the United Nations organization practically guaranteed ratification of the Charter by the Senate.

That American participation in the United Nations never became a serious domestic political issue was attributable, at least in part, to the statesmanship and vision of the leaders of both parties. Byrnes carried the bipartisan approach over into the peace treaty negotiations. He took with him to London in September 1945, for the meeting of the Council of Foreign Ministers, John Foster Dulles, a prominent Republican, and at later sessions of the Council in 1946 he was flanked by Connally and Vandenberg. By associating the Senators with the negotiation of the peace treaties, Truman and Byrnes acted to forestall the risk of rejection of the treaties by the Senate; at the same time Byrnes was able to speak with greater authority and to present national rather than party policies at the conference table.

The policy of "patience and firmness" with Russia, developed in the United Nations and Foreign Ministers' meetings, was a bipartisan, national policy. But the Republican commitment was limited to United Nations affairs and the peace treaties. There was no blanket agreement to support all aspects of the foreign policy of the Truman Administration. Economic policies, in particular, provided plenty of examples where politics did not stop at the water's edge. In these questions the role of Congress assumed increasing importance, since a political foreign policy could hardly be made to stick unless buttressed by complementary economic measures.

6. Principles and Power

On October 27, 1945, Navy Day, President Truman delivered his first major speech on foreign affairs. The time was considered ripe for a declaration on where and for what this country stood. The address, containing a mixture of boastfulness, preaching, and genuine concern for the peace and welfare of mankind, was definitely in the American tradition. So far as could be judged, it reflected accurately the general opinion in the country.

The President followed Secretary Hull's custom of listing the goals of American policy. His twelve "fundamental principles

of righteousness and justice" included our disinterest in additional territory or in selfish advantage, disapproval of territorial changes not based on popular consent, non-recognition of governments imposed on nations by foreign powers, sovereign equality of all nations, freedom of the seas, equal access to trade and raw materials, freedom of expression and of religion "throughout the peace-loving areas of the world," establishment of peaceful democratic governments in former enemy states, and cooperation with the United Nations to ensure peace.

Speaking from the deck of a battleship, Truman linked his enumeration of the goals of our foreign policy with a reminder to the world that the United States was the greatest naval power on earth; that it would preserve a powerful and well-equipped land, sea and air force, and would keep the strategic bases necessary to its security. This force would be used "solely to preserve the peace of the world." We would use it to protect the United States and the nations of the western hemisphere, to enforce the terms of peace imposed on our defeated enemies, and to fulfill our military obligations as a member of the United Nations.

The President thus served notice that we had ideals and that we had power. The Soviet Government, which was then violating a number of the "fundamental principles of righteousness," could not miss the implications. It could not, however, be sure what to expect from the United States in Europe or China or the Middle East. American critics of the speech said that, besides ideals and power, the situation required clear-cut policies. They objected to the vague platitudes. Foreign policy, they held, could not be described in the language of the Ten Commandments and the Golden Rule, a comparison drawn by the President himself. But neither the government nor the American people were ready to define American interests and commitments precisely. What policies, in concrete terms, the United States would regard as required by its interests remained an open question. It was certain only that whatever policies were adopted would be presented to the American people and to the world in terms of the President's twelve fundamental principles.

CHAPTER TWO

NATIONAL SECURITY AND FOREIGN POLICY

1. *Alliances or Security Organization?*

How did the United States propose to guarantee its national security after the war? Primarily, of course, by maintaining a strong military establishment. Yet mere arming for defense against all comers, without a complementary foreign policy and some conception of the range of American commitments, found no wide acceptance as the complete answer to the problem. Such a course would mean a return to isolationism, which if not dead after December 1941 was at least discredited. The logic of events had shown that the United States could not escape involvement in major wars, wherever they might start. The United States was too strong and too rich to be left alone by warring powers; it was too conscious of its own security and economic interests to be indifferent to the outcome of a major war. The conviction grew that the only way to keep out of future wars was to prevent them from starting.

To protect its own security, the United States would have to make its weight felt in Europe and Asia to prevent the rise of hostile combinations such as the Berlin-Rome-Tokyo Axis. It could attempt to do this on its own, by an American imperialism aimed at establishing a *Pax Americana*. This prospect was attractive to some of the former isolationists. Alternatively America might try to keep the balance of power tipped in its favor by making alliances with other powers. Thirdly, there was the way of collective security, of American participation in an international organization dedicated to keeping the peace. These choices were pondered and debated all during the war.

Imperialism, even under the guise of "world leadership" or of ushering in "the American century," was plainly contrary to

the American tradition and to our professed war aims. The idea of achieving security by domination did not commend itself. The cost, in both material and moral terms, of militarization at home and strong-arm tactics abroad was more than most Americans cared to pay. In alliance with other powers the task of policing the world would be easier, the cost less. But with what powers? The wartime association with Britain and Russia could be made permanent as a long-term military alliance. That might be a guarantee against the resurgence of Germany. Yet we did not know what Soviet aims were. The idea of undertaking a general commitment to support them was out of the question. An alliance with Britain was another matter. The two countries were already drawn together by historic and cultural ties, by association in two world wars, and by many common interests. Governor Dewey of New York, at the Mackinac Island conference of Republican leaders in 1943, went so far as to suggest a permanent military alliance with Great Britain. Public opinion was definitely cool to the idea. Americans saw the value of a firm understanding but did not like the idea of "underwriting the British Empire," nor of allying permanently with any one of our wartime associates in preference to others and possibly against them. That would be "power politics." The United States might be forced by events along that road but was not ready to take it in 1944 or 1945.

The third course, that of collective security under law, was favored by President Roosevelt and had broad public support. History had seemed to vindicate Woodrow Wilson. There was a widespread feeling that our refusal to join the League of Nations had been an important factor in its failure. The proposed remedy, this time, was to build a better League and to ensure the participation of the powers which had the armed force necessary to keep the peace. This posed the question whether the United States would have to give up a portion of its sovereignty. Would Congress lose its constitutional power to declare war? Would the new organization be something approaching a world government or merely an association of sovereign states?

The whole subject was presented fully to Congress and to the

country in the spring and summer of 1943. The ensuing debates left no doubt that the leaders of both major parties were thinking in terms of *international* cooperation, not of a *supra-national* authority. The Republican Party went on record, in September 1943, in favor of "responsible participation by the United States in post-war cooperative organization among sovereign nations to prevent military aggression and to attain permanent peace . . ." ¹ The Fulbright Resolution, passed by the House in the same month, favored American participation in "appropriate international machinery with power adequate to maintain a just and lasting peace." ² Similar resolutions were under discussion in the Senate, with evidence of nearly unanimous approval, when Secretary Hull left for Moscow in October to negotiate with the British and Soviet Governments.

The Moscow conference had no assurance of success. It was held at an especially delicate moment in our relations with Russia. There were rumors of a possible separate Soviet-German peace; we had agreements with Moscow neither on military strategy nor on postwar policies (other than the United Nations Declaration of Jan. 1, 1942); we did not know whether Russia wanted to cooperate after the war. Consequently, Hull scored a "great triumph" when he obtained agreement on the Four-Nation Declaration, in which the three major Allies and China "recognized the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, . . . for the maintenance of international peace and security." This declaration was greeted with gratification in the Senate, which immediately incorporated its language into the Connally resolution, passed on November 5 by a vote of 85 to 5. ³

With remarkably little dissent, the United States buried the doctrines of isolationism and neutrality, and took the leadership in the establishment of a collective security system. This came to be the primary objective of American policy for the postwar

¹ Mackinac Island Resolution, September 7, 1943 (*New York Times*, September 8, 1943).

² 78th Congress, 1st Session, H. Res. 302, passed September 21, 1943.

³ 78th Congress, 1st Session, S. Res. 192, passed November 5, 1943.

period. Official statements pointed to it not only as the one hope for future peace but as a substitute for "power politics" and other aspects of international relations regarded as undesirable. Secretary Hull, reporting on the Moscow meeting, told Congress that, as the provisions of the Four-Nation Declaration were carried into effect, "there would no longer be need for spheres of influence, for alliances, for balance of power." This was, to put it mildly, an optimistic view. The evidence that the great powers, including the United States, would put aside considerations of power and influence in joining such an "organization of sovereign peace-loving nations" was slight indeed.

2. Creation of the United Nations Organization

Though a champion of the rights of small nations, the United States agreed with the Soviet contention that the responsibility for international security must rest on the great powers, and that the success of the new organization depended on their acting together. "This is the solid framework," declared Hull in an address expounding our foreign policy in 1944, "upon which all future policy and international organization must be built . . . Without an enduring understanding between these four nations . . . all organizations to preserve peace are creations on paper and the path is wide open for the rise of a new aggressor." ⁴ The United States accordingly took the initiative of calling together the three major Allies and China to decide upon the general framework of the projected security organization. They met at Dumbarton Oaks, in Washington, in the late summer of 1944. ⁵

The Dumbarton Oaks Proposals, which emerged from the Conference, were based principally on drafts worked out in the State Department over the preceding two years. To a surprising degree, the proposed organization resembled the old League of Nations. There was to be a General Assembly, where all mem-

⁴ Department of State, *Bulletin*, X, April 15, 1944, 338.

⁵ The Soviet and Chinese representatives were not present at the same sessions, since the U.S.S.R. was not at war with Japan.

bers would be represented, and a Security Council, composed of the great powers as permanent members and of a limited number of smaller powers chosen periodically to serve for fixed periods. There would be an international court of justice. A secretariat would be headed by a Secretary General. The most notable departure from the League practice, in organization if not in substance, was the proposed Economic and Social Council, a separate body to deal with international activities in those fields.

The General Assembly, under the Proposals, was to be chiefly a forum for discussion. The Security Council was to have primary responsibility for the maintenance of international peace and security. It would deal with disputes, with threats to and breaches of the peace, and would be empowered to take enforcement action against an aggressor. In the Council, it was agreed, the five great powers (France was to be included) would have a special position. Besides having permanent membership, each would have the right, in certain circumstances, to block the adoption of decisions of which it did not approve.

How far this veto power should go was not settled at Dumbarton Oaks. The Soviet Union wanted it to cover all questions of substance. Soviet leaders, though willing to go along with the idea of a general international organization, did not regard it as a substitute for direct negotiations and agreements among the great powers. It might be a convenient instrument for obtaining general acceptance of the big powers' decisions, or a good sounding board for propaganda. But they had no intention of accepting a procedure by which a mere counting of votes—and the capitalist world would have an overwhelming majority of votes—could produce decisions counter to Soviet interests.

The other nations represented at Dumbarton Oaks accepted the veto in principle but wished to confine its use more narrowly than the Russians. They had to think of the effect on the British Dominions, the Latin American nations, and other smaller countries of an arrangement which would seem to reduce their role in the organization to mere formal membership. The American view, however, was nearly as cautious as the Rus-

sian. The United States was not ready to give up the right to determine for itself what should be done in a situation involving the possible use of its military forces. If the Soviet Government wanted safeguards, so did the U.S. Senate. The United States, however, did wish to limit the use of the veto by any state whenever that state was a party to a dispute. Otherwise that member would then be able to sit in judgment on its own case. But this was precisely the safeguard which the Soviet Union considered vital to its interests. Peace depended, ran the Soviet argument, on the unanimity of the great powers; to devise voting formulas which would permit one of them to be coerced or dictated to by others would only destroy the security organization and imperil peace.

At Yalta, in February 1945, a compromise put forward by Roosevelt was accepted by Stalin and Churchill. On procedural matters, the Security Council would take decisions by the vote of any seven of its eleven members. On all other matters, seven votes "including the concurring votes of the five permanent members" would be necessary. As an exception to this rule, in matters arising under the heading "pacific settlement of disputes," parties to a dispute should abstain from voting. Enforcement action remained subject to the veto with no such restriction. At Yalta it was also agreed that the forthcoming United Nations conference should take up the principles and machinery of a trusteeship system for dependent areas. These agreements, completing those of Dumbarton Oaks, made possible the convocation of a general conference of all the United Nations to draft the charter of the general international organization.

Representatives of forty-six nations were present when the San Francisco Conference opened on April 25, 1945. Poland, with one government in London recognized by the western powers and another in Warsaw recognized by the U.S.S.R., was represented by neither, owing to the non-fulfillment of the Yalta decision to create a new "government of national unity." Two Soviet republics, Byelorussia and the Ukraine, were admitted soon after the Conference opened; though they could hardly claim to be sovereign states, Roosevelt and Churchill had prom-

ised Stalin at Yalta to support their admission, and the promise was kept. The Soviets were not so accommodating on the admission of Argentina, the candidate of the twenty-one American republics, including the United States. The squabble that broke out on that question ended only when the Soviet objections were buried under an avalanche of votes.

The Russians accepted the decision on Argentina, but the incident had made it apparent that the issue of small powers versus great powers, of which much was being made, was of less moment to the future of the organization than the divisions among the great powers themselves. The small nations knew that their views could not prevail in the end on such points as the veto so long as the big powers were determined to stand firm. The biggest obstacles which the Conference had to get over before reaching agreement on the Charter came at points where great-power unity threatened to break down. One was a disagreement over interpretation of the Yalta voting formula. Another concerned the General Assembly's powers of discussion, which the United States, in contrast to the Soviet Union, did not want to see restricted.

The contribution of the smaller powers in drafting the Charter was considerable. Although their attack on the veto provisions was fruitless, they did succeed in broadening the powers of the General Assembly. The fundamental propositions submitted by the great powers found their way into the Charter, but the small nations helped to expand and interpret them and to add some new ones. Their influence was apparent in the lofty phrasing of the Preamble, in the added functions given to the United Nations in the field of economic, social and humanitarian activities, and in the provisions on trusteeship.

The Charter of the United Nations was signed on June 26, 1945. It was ratified by the U.S. Senate on July 28 after a brief debate, with but two votes against it. On October 24, following ratification by the five great powers and a majority of the other signatories, the Charter entered into force. The United Nations, no longer a wartime alliance, came into being as a permanent organization for peace. While the success of the San

Francisco Conference was acclaimed in the United States, the Charter itself was not all that many Americans had hoped for. Moreover, its limitations were not always understood. Perhaps because the conception of an organization with power to enforce peace had been so frequently used in official statements and in discussions since 1943, many seemed to have an exaggerated idea of the police power of the United Nations. They took seriously the proposition that the new organization existed to restrain aggressors, big or small.

Disappointing as the Charter might be in many respects, it was probably the best that the world could get at that particular moment in history. As an instrument for ensuring peace, it might be effective in dealing with the disputes of small powers. That it was inadequate to curb one of the great powers was frankly recognized by all the signatory governments if not by their peoples. The new organization was based on the assumption of continued great-power cooperation. That cooperation would have to be maintained through a period in which those powers, no longer held together by the war against a common enemy, made peace with the enemy states and sought an adjustment of their own conflicting interests. The United Nations, like the League, would be as effective as its most powerful members chose to make it.

3. *The Armed Forces*

American hopes for long-term security were placed in the United Nations organization. For the immediate future, that was a slender reed on which to lean. "The United Nations are now moving toward an organization which I believe will reduce the chance of war," declared Secretary of War Stimson on retiring from office in September 1945. But he felt compelled to add: "In the present state of world affairs a strong military establishment is essential."⁶

What kind of army and navy would we need in peacetime? Some of the factors bearing on that question would be more or

⁶ *New York Times*, September 20, 1945.

less temporary, such as the requirements for occupation of enemy territory and for winding up activities in Allied countries. The more permanent factors involved a high degree of speculation. How many men, ships and planes were needed to guard our national security and welfare? Would we have a mass army or a small professional force? The answers would depend partly on the success or failure of the United Nations. They would depend on the policies of other nations, and on estimates as to which ones were to be regarded as probable allies and which as potential enemies. They might depend, in ways that could not be foreseen, on scientific and technical developments.

After V-J Day, the government was pushed by public opinion into demobilizing the armed forces more rapidly than had been planned. The twelve million men under arms on V-E Day melted away to less than half that number by the end of 1945; the army was discharging approximately one million per month. This disintegration of America's fighting forces, coupled with the lack of a decision on what would replace them, made a deep impression abroad. It tended to weaken the authority with which the United States spoke in world affairs. In Europe, for example, the American forces were soon reduced to the point where their military effectiveness was practically nil. Europeans knew it, and they knew also that the Soviet Union had several million soldiers stationed in eastern Europe.

The Truman Administration took the view that the formulation of a firm military policy, assuring continued military strength, was essential to the successful conduct of foreign policy. The President, in presenting to Congress on October 23, 1945, his proposals for a postwar military organization, declared that the United States could ensure a just and lasting peace only if it remained strong. In this he echoed the views of the Chief of Staff, General Marshall, whose recently released biennial report had contained the following remarks: "Our diplomacy must be wise and it must be strong . . . If it is not backed by a sound security policy, it is, in my opinion, forecast to failure . . . We have tried since the birth of our nation to

promote our love of peace by a display of weakness . . . The world does not seriously regard the desires of the weak . . . We must, if we are to realize the hopes we may dare to have for lasting peace, enforce our will for peace with strength." ⁷

The President's message recommended, as "basic elements" of such an organization, (1) a comparatively small regular army and navy; (2) a greatly strengthened National Guard and an organized reserve for the army and navy; (3) a general reserve composed of all the male citizens who have received training. The President called for prompt passage of legislation providing for a year's military training, obligatory for all. He was strongly backed by the armed services themselves; their leaders had been warning steadily since 1944 that universal training in peacetime would be necessary. Congress, however, was not likely to pass the requested legislation promptly, if at all.⁸ Behind the hesitancy of Congress was the reluctance of the public. The people had willingly accepted conscription to fight a war; there was no such general readiness to accept it, no matter how disguised, in peacetime.

With the universal military training bill before Congress, debate on it engaged the attention of a host of groups and individuals throughout the country. The proposal had a good deal of press support, but there was no overwhelming public sentiment in its favor such as would stir Congress into action. Selective Service, meanwhile, continued in operation, having been extended to May 15, 1946. It provided replacements for battle veterans who had served long overseas; unfortunately it also filled the ranks of our occupation forces with recruits who lacked both experience as fighting men and understanding of the aims of occupation policy. Selective Service had given the country the manpower with which it had achieved victory, but it served now merely as a stopgap, while the services waited to see whether their hopes for a sufficient number of volunteers to

⁷ *Biennial Report of the Chief of Staff of the United States Army, July 1, 1943, to June 30, 1945*, 6.

⁸ The House Select Committee on Postwar Military Policy, however, after extensive hearings, had recommended on July 5, 1945, adoption of a permanent system of universal military training (House Report 857, 79th Congress, 1st Session).

man the regular army and navy, and for a system of universal training, would be fulfilled.

The Army and Navy were in violent disagreement on proposals to bring about a reorganization of the armed services under unified control. Pointing to the wartime experience of combined operations, the Army pressed for merger under a single Secretary of National Defense, while the Navy fought grimly to keep its independent status. The President favored the idea of merger, recommending it in a message to Congress on December 19, 1945, but here again he found hesitancy on the part of the legislators to face a highly controversial issue.

Meanwhile the Army and the Navy were gradually making up their minds on the size of the forces they thought necessary to retain on active service. The former wanted to keep approximately 400,000 men in Germany and 200,000 in Japan and Korea as occupation troops, at least in the beginning. Altogether, according to the War Department, we would need a minimum of 1,550,000 soldiers in mid-1946, that figure to be gradually reduced to about one million, including 400,000 in the Air Corps; this was less than the British and far less than the Russians were maintaining. Five hundred thousand was the figure given by Secretary of War Patterson for a standing army which, with a system of universal training, would give us national security.⁹ The Navy planned a permanent force of over one thousand combat ships, of which a large number would be laid up, keeping in operative status the equivalent of two very powerful carrier task forces in the Pacific and one in the Atlantic.¹⁰ Admiral Nimitz emphasized that these plans were "pred-

⁹ *Hearings* on H.R. 515 (Universal Military Training) before the House Committee on Military Affairs, 79th Congress, 1st Session (Washington, 1946), Part I, 18. General Eisenhower later gave a figure of 800,000, half of which would consist of the Air Force. Patterson's total did not include the air force.

¹⁰ Ships and aircraft recommended by the Navy, December 1, 1945, for the "active fleets when they are placed on an outright peacetime basis": 3,627 aircraft, 13 aircraft carriers, 13 escort carriers, 4 battleships, 28 cruisers, 135 destroyers, 56 destroyer escorts, 90 submarines, amphibious lift for 2½ divisions. The laid-up reserve would consist of 18 carriers, 62 escort carriers, 7 battleships, 31 cruisers, 178 destroyers, 254 destroyer escorts, 101 submarines. See Navy Department, *Annual Report of the Secretary of the Navy to the President of the United States, Fiscal Year 1945* (Washington, 1946), 1-14.

icated on the requirements of our well-integrated military effort more than by requirements for opposing the fleets of other countries that might seek to contest command of the sea with us." ¹¹ It would still be a navy "second to none;" in fact, it would eclipse the combined strength of all other fleets in the world. It would be manned by some 558,000 officers and men, with 100,000 more in the Marine Corps. To maintain this establishment, Congress appropriated slightly over seven billion dollars for the Army and over four billions for the Navy for the fiscal year 1947, the first full year after the end of the war.

Those totals of men and of money were, of course, not fixed as long-term levels. They would be subject to changes resulting from a reduction of commitments in occupied countries, from the pressure of public opinion or of economy-minded Congressmen, or from positive decisions on the organization and structure of the national military establishment, currently under study by the Joint Chiefs of Staff. One great cause of delay in reaching such decisions was uncertainty about the effects which new technological developments, especially atomic weapons, might have on the conduct of future wars.

4. Armaments and New Weapons

The last phase of the war saw the introduction of new and effective weapons which gave promise of revolutionizing the methods and character of warfare: giant long-range bomber aircraft and blockbuster bombs, flying bombs and rockets, jet-propelled planes, guided missiles, new-type submarines and, above all, the atomic bomb. American military and naval men cautioned against the belief that "push-button warfare" was a possibility in the near future. No doubt our military establishment in the immediate postwar period would be planned and organized on the basis of the operational methods and armaments already fully developed in the war. Nevertheless, both

¹¹ *Hearings* on H.R. 6496 (Navy Department Appropriation Bill for 1947) before the Senate Subcommittee of the Committee on Appropriations, 79th Congress, 2nd Session (Washington, 1946), 6.

military planning and foreign policy had to take account of the tremendous potentialities of the new developments.

At the moment, the United States had a position of incomparable power, thanks to its strong navy and air force and its possession of the atomic bomb. What about the position ten or fifteen years hence? Our monopoly of the bomb, said the scientists who had produced it, would not be permanent. Other countries, notably Russia, could be expected to have it in several years. With the development of technology, exemplified by the use of atomic power and of transoceanic jet-propelled missiles, the United States and Russia would be in a position to strike at each other from their home bases. This would seem to mean that the United States could not by purely military means ensure itself against assault. Offensive power, the ability to deliver a swift and crushing retaliatory attack, might be the best, or only, defense. Such considerations would have to be weighed in determining the armaments on which we would concentrate, the size of our military forces, the location of our strategic bases, the organization of scientific research and, possibly, the planning of our industries and cities.

The picture of an atomic war was one to inspire the greatest horror. It convinced many Americans that, while we might have to prepare for it, the imperative task was to work to prevent it. The war over, there was little sentiment among the general public for concentrating on preparation for the next one. In the light of the widely held view that the chief hope for national security in the future lay in the United Nations, such a course would have seemed a vote of no confidence in collective security before it had a chance to prove itself. America's possession of atomic power, while other nations did not have it, gave Americans a sense of responsibility. Knowledge of what atomic weapons could do, and the probability that in time other nations would have them, added a sense of urgency, a feeling that immediate and decisive action in the political field was needed. Armaments, as a factor in military preparedness, had been a subject generally left to the military men; as a budgetary question, to the Congress; as a matter involving possible interna-

tional regulation, to the diplomats. The atomic bomb posed problems of such scope that it was a question of national concern. It could not be treated as just another weapon. The decisions to be taken could not be left to any one group. They would have to be broad political decisions, acceptable to the people as a whole.

The knowledge that, in a military showdown, this country would be able to destroy the cities of any nation which opposed its will, might have tempted the United States to compel the world to accept the kind of postwar settlement it desired. More specifically, it might have enabled us to force the Russians to be more "reasonable" in Germany, Poland, Iran and elsewhere. This course was not seriously considered. The idea of using the bomb as a threat to back up American diplomacy was repugnant to most Americans. Secretary Byrnes said that the suggestion that we were doing so was "not only untrue in fact but a wholly unwarranted reflection upon the American Government and people."¹²

What, then, would the United States do with its temporary monopoly of atomic weapons? While some wanted to do nothing, there was considerable sentiment in favor of somehow using this great discovery in the interests of mankind, or of making responsibility for it international rather than national. If the monopoly was going to be broken within a few years, the argument ran, the United States might wisely share its technical secrets while they were still secrets, and get something in return. Some spoke of telling the secrets to the Russians in exchange for a promise not to use them; others of "giving" the bomb to the United Nations; still others of using our present advantageous position in some way to bring about world government.

The scientists who had released the power locked in the atom, suddenly become politically active and vocal, took pains to inform the government and the public that there was no effective defense against the atomic bomb and no "secret" that could be kept very long. They were the vanguard of a growing body of

¹² *New York Times*, November 17, 1945.

opinion which held that a system of international control was the best hope of saving the world from an atomic armaments race and an eventual war of unparalleled destruction. There was considerable criticism of the Administration's delay in announcing a policy, or at least an approach to a policy, on atomic energy. Finally, on October 3, 1945, the President sent a message to Congress urging the creation of a national commission to regulate all research and activities connected with the development and use of atomic energy in the United States, a recommendation which later was realized in the Atomic Energy Act, passed by Congress on July 20, 1946. In the same message the President stated that the hope of civilization lay in international arrangements to outlaw the atomic bomb and to direct the use of atomic energy to peaceful purposes. He proposed to begin discussions of the subject with other nations in an effort to "work out arrangements covering the terms under which international collaboration and exchange of scientific information might safely proceed."

The President's message stated, and he repeated at a news conference a few days later, that we did not intend to share our technical knowledge of the production of atomic bombs, and that no other nation possessed the resources and skills to make use of them. This statement merely increased the criticism which had been directed at the Administration for its failure to adopt a bolder international approach. The *New York Herald Tribune* called it a "nakedly nationalistic, unbelievably inept declaration, . . . probably the most unfortunate utterance by any chief of state since the war's ending."¹⁸ Most of this criticism died down when negotiations with Britain and Canada, the two states which had cooperated with the United States in developing the bomb, resulted on November 15 in a tripartite statement putting forward the principle of international control. It was stated as a fact that there was no defense against the atomic bomb, and as another fact that the manufacture of atomic bombs could not remain the monopoly of any nation. On the other hand, the three powers did not believe that the spreading

¹⁸ *New York Herald Tribune*, October 16, 1945.

of information on how to produce the bombs, before effective safeguards were set up, would "contribute to a constructive solution of the problem;" it might have the opposite effect. They went on record as favoring creation of a United Nations commission charged with studying the question and making recommendations.

The declaration in favor of international control failed to end the argument at home, since many people, including influential members of Congress, did not believe in sharing knowledge of the bomb under any conditions. Nor did it assure a solution of the international problem. The bomb was already an issue in Soviet-American relations. Perhaps, in time, a number of nations, small as well as great, would have atomic bombs. The immediate question was whether and when the Russians would have them. The Soviet Union was not reconciled to a position of military inferiority in which its cities were at the mercy of a devastating weapon in the hands of its rival for world influence. Foreign Minister Molotov, speaking in November 1945, said that the Soviet Union "would have atomic energy too, and many other things."¹⁴ The Russians undoubtedly were making great efforts to develop the bomb. There was no certainty that they would pay the price we would ask, in the form of safeguards, for making the necessary information available to them before they got it by themselves.

5. *Strategic Bases*

The importance of military and naval bases to the security of the United States was revealed strikingly in two incidents which preceded our entry into the war. One was the refusal of Congress in 1939 to vote money to strengthen the base at Guam, thus advertising our vulnerability in the Pacific. The other was President Roosevelt's "destroyer deal" with Britain in September 1940, by which the United States acquired a string of bases in the Atlantic from Newfoundland to Trinidad. Once in the

¹⁴ Embassy of the U.S.S.R., Washington, *Information Bulletin*, V, November 27, 1945, 8.

war, the United States built and maintained over four hundred overseas bases of various types and dimensions, in order to mount the offensives against the Axis powers. How many of these would be retained? That would depend largely on the estimate to be made of the requirements of postwar military strategy and on political relations with countries on whose territory some of the bases were situated. All those scattered through the Middle East (except possibly the air base at Dhahran, Saudi Arabia) and in Africa, those on British or French territory or in South America, probably would have to be given up because, in peacetime, they were regarded as encroachments on national sovereignty. The possible role of the United Nations, in connection with the organization of collective security and with the proposed trusteeship system, was a pertinent but still unknown factor.

Before the war, bases were generally thought of as protective strong points for the defense of the United States, or of the western hemisphere. The war changed some of the prevailing concepts of the military-geographical basis on which our security rested. For the defense of the United States in the future, presumably we would need more than a ring of static positions. Amphibious attacks on positions of that type during the war had been uniformly successful. The result of this experience was a shift to the concept of bases as springboards for offensive action. Their function would be a double one, to keep enemies away from our shores and at the same time to provide the space and time required to mount a successful counterattack. Planning based on this concept had to take account of who our enemies and our allies might be in any future conflict. It had also to fit the system of bases to the foreseeable changes in the methods and weapons of war, particularly the extension of the range of bomber aircraft. A base would need sufficient land area to be tenable in the face of an attack with atomic bombs. A base should not be too distant from home territory nor too close to a continental area from which it could be attacked.

American military men, in weighing this problem, looked in three directions: toward the Atlantic, the Pacific, and the Arc-

tic. The fact that the Soviet Union was the most likely enemy in any future war, together with developments in long-range aircraft and guided missiles, gave the top of the world a new strategic importance. These considerations stimulated the idea of extending joint defense plans with Canada to include the maintenance of bases and weather stations in the Canadian Far North.

Most attention was still given to the problem of controlling the sea approaches to the western hemisphere. In the Atlantic the United States would of course retain the bases obtained in 1940 from Britain on 99-year lease. Of these, only Newfoundland was likely to be kept up as a major base with air, ground and naval facilities in active status. The bases on Bermuda, the Bahamas, Jamaica, Antigua, St. Lucia and British Guiana would be secondary, most of them limited to aviation facilities in "caretaker" status. Puerto Rico and the base at Guantánamo Bay in Cuba would remain key points for the protection of the Panama Canal.

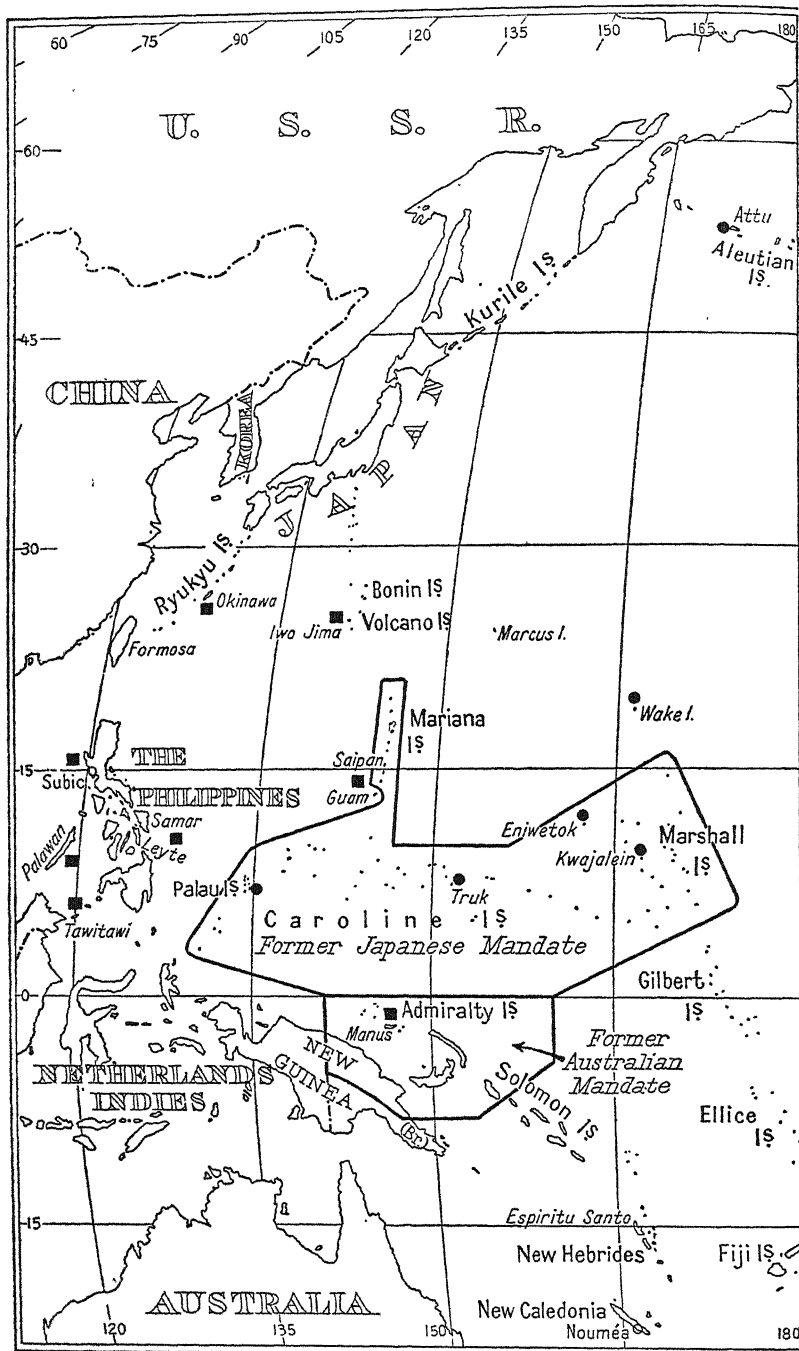
The war had demonstrated the importance, for the control of the Atlantic, of other more distant points, particularly as air bases: Greenland, Iceland, the Azores, and Dakar in French West Africa. To keep troops and installations in those places might be strategically desirable but was not likely to be acceptable to the nations having sovereignty over them. Iceland had been promised in 1941 that our troops would be withdrawn at the end of the "present emergency;" in 1945 the government and people of Iceland were anxious to see them go. Denmark was considering the termination of the agreement of 1940 which had allowed us to build installations in Greenland. Portugal also was unwilling to accept the limitation on sovereignty which a permanent American base in the Azores would represent.

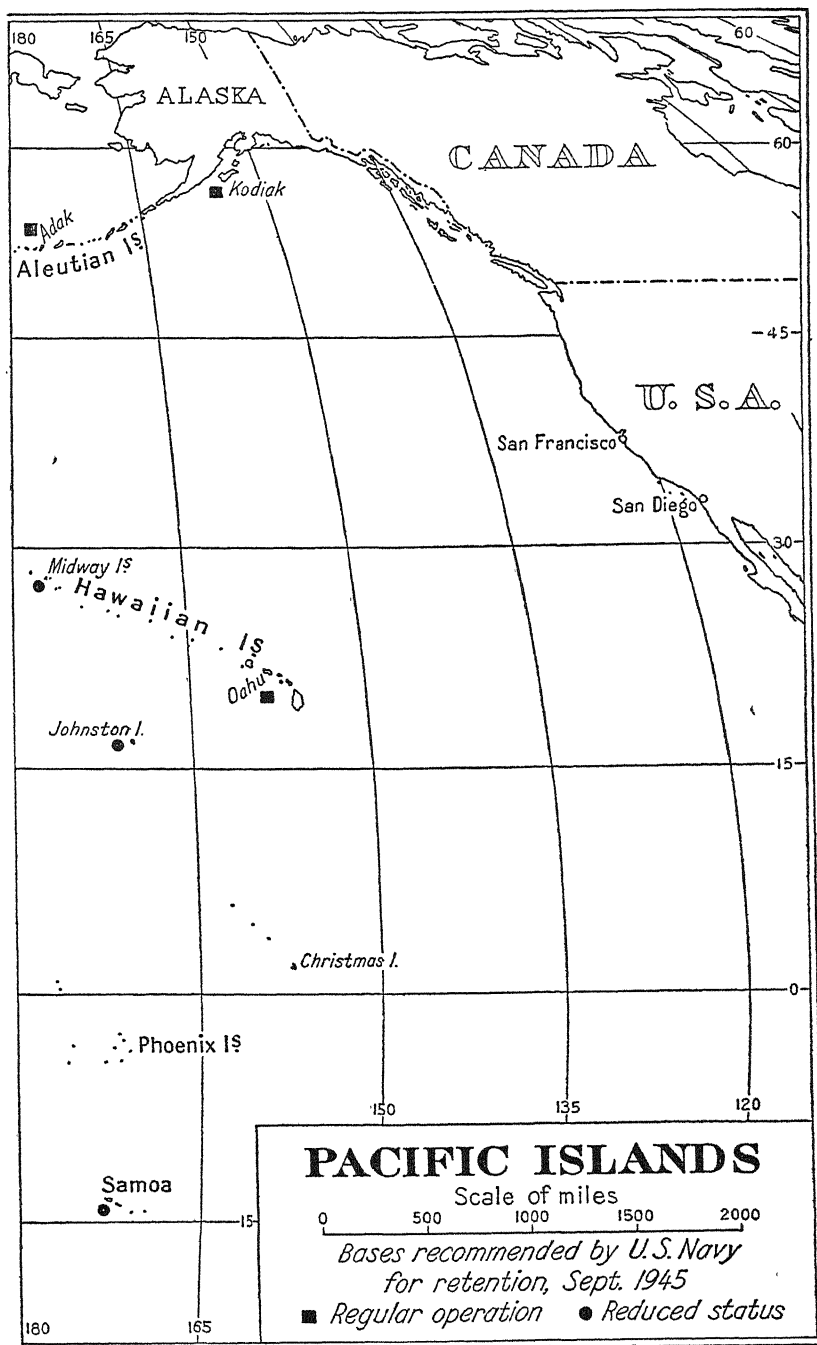
President Roosevelt had favored the idea of "international" bases, which would enable the United Nations to police the world. After his death little was heard of it. Our "security zone" was held to cover the whole Pacific Ocean. The sentiment in the armed services and in Congress was strongly in favor of taking whatever island bases were thought necessary for our

security and then making whatever arrangements might be necessary with the United Nations and with interested countries to formalize the situation. "The maintenance of peace in the Pacific being primarily the responsibility of the United States, we must have the necessary authority," said the report of a House subcommittee which had made a tour of Pacific bases in 1945. "The other nations are either too distant . . . or do not have the necessary strength . . . for the maintenance and defense of these strategic islands and bases." The committee recommended that in the future the United States have "at least dominating control" over the former Japanese mandated islands (the Marshalls, Carolines and Marianas) and the outlying Japanese islands of the Volcanos, Bonins and Ryukyus (Okinawa), and full title to bases on Manus (Australian mandate), New Caledonia (French), Espiritu Santo (Anglo-French), Guadalcanal (British), and other islands "mandated to or claimed by other nations."¹⁵ The "other nations" did not welcome these proposals. France announced that it would defend its own possessions in the Pacific. Australia and New Zealand, although willing to discuss with the United States arrangements for a joint system of Pacific security with reciprocal use of bases, objected to handing over bases on their territory to any foreign power.

In September 1945 the Navy recommended maintaining 27 outlying bases in the Pacific area, 15 in reduced or caretaker status, 12 in regular operation. The latter included those in the basic Alaska-Hawaii-Canal Zone triangle of defense, and in addition the Guam-Saipan area, the Bonins-Volcano group, the Ryukyus, four bases in the Philippines, and Manus (see map, pp. 44-45). More moderate than those of the House subcommittee, these recommendations nevertheless raised political and legal problems which the Navy did not undertake to solve. Its plans, of course, were not a final determination of American policy. The report of the House Naval Affairs Committee in which they were published conceded that they were "subject to

¹⁵ *Study of Pacific Bases* (Report by the Subcommittee on Pacific Bases of the Committee on Naval Affairs, House of Representatives, 79th Congress, 1st Session, submitted August 6, 1945).





action by the Joint Chiefs of Staff and the State Department in connection with the United Nations Security Council." ¹⁶ Secretary Forrestal later (February 1946) presented to Congress a program calling for 53 bases (Atlantic and Pacific), including major operating bases at Pearl Harbor, Guam, Saipan, and Manus, with secondary bases at Okinawa, Samoa, Midway, and in the Aleutians.

In the atmosphere prevailing in the months which followed the end of the war there seemed to be less and less chance that the United Nations would have much to say about what bases this country would choose to hold and to fortify. The victorious powers made no attempt to work out together a system of international bases for use against disturbers of the peace. Each undertook to safeguard its own security through direct control of strategic points within its reach, and the respective "security zones" abutted on each other or even overlapped. Bases which one power regarded as defensive were looked on by another as intended for aggression. This competition for position reflected the tension between the United States and Great Britain on the one hand and the Soviet Union on the other. If it continued, the location of United States bases would become less a matter of fixing defensive strong points in the Atlantic and Pacific oceans than a phase of the problem of bringing American power to bear in the critical areas on the rim of Europe and Asia where Soviet power was threatening to expand. If the matter were viewed in this light, we had bases in Germany, Austria, Italy, Japan and Korea, so long as the occupation of those areas lasted. Also, the far-flung British system of bases could be regarded as a part of our own; certainly the Soviet leaders looked at it that way.

¹⁶ *Composition of the Postwar Navy* (House Report No. 1107 on H. Con. Res. 80, 79th Congress, 1st Session, Committee on Naval Affairs), 9.

CHAPTER THREE

PROBLEMS OF MAKING PEACE IN EUROPE

1. Allied Policy in Italy

THE outlines of postwar Europe began to be visible soon after the Allied armies broke into Hitler's "Fortress Europe." Geography, the fortunes of war, and the crucial military decisions which determined the spheres of operations of the Anglo-American armies on the one hand and the Soviet armies on the other created two distinct zones of liberated Europe. Both of them grew at the expense of the crumbling Nazi empire until they finally met on a line which ran from the Baltic to Trieste and along the northern border of Greece. In handling the problems presented by the reestablishment of government in Allied states and the occupation and control of enemy states, the Western democracies and the Soviet Union used widely different methods and had differing, sometimes antagonistic, aims. Competition between them for the favor of Germany's allies and victims began even before Germany's defeat.

American policy toward the Allied states of western Europe was governed by our relations with them as sovereign states, all of which, except France, had recognized governments abroad during the period of German occupation. The worst of the headaches from which official Washington suffered concerned France. Revolving round the personality and the movement of General Charles de Gaulle, they were most acute in the period before the liberation of France itself began but left a mark on French-American relations which time did not altogether erase. Belgium, the Netherlands and Norway all had governments in London with which the United States maintained regular diplomatic relations. Those governments returned home in due course and were reconstructed promptly in consultation with the lead-

ers of the resistance movements; the resumption of constitutional government was effected smoothly and rapidly. Belgium, liberated in 1944, contributed invaluable support during the following year to the Allied armies on the western front. The Netherlands and Norway, forced to endure another winter of Nazi occupation, were freed only when Germany itself collapsed.

France, on the other hand, had no government-in-exile. After 1940 there was Vichy; there was de Gaulle; there was also an empire, the scattered parts of which fell into the hands of whatever powers were near enough and strong enough to seize or control them. The United States maintained diplomatic relations with Vichy until the Allied invasion of North Africa in November 1942. Even the final break with Vichy did not alter the ill-disguised unfriendliness between the United States and de Gaulle. There followed the period of Darlan, of Giraud, of the formation of the Committee of National Liberation in Algiers. Militarily, de Gaulle had already received the treatment of an ally. His forces were equipped through lend-lease. They fought beside the Americans and British in many theaters of war. On the political side, Roosevelt would not accept de Gaulle's claim that he alone represented France; he would not endorse the French leader and his movement as the man and the party which would govern France after liberation. De Gaulle's "difficult" personality—partly a reflection of the hyper-nationalism which was the essence of his position—his ideas on government, and the character and methods of his entourage, all contributed to the American attitude. But the logic of his position and his acceptance as a symbol and war leader by Frenchmen both in and outside France could not be denied. In Algiers he soon pushed aside the less dynamic Giraud. He strengthened the Committee of National Liberation by the addition of representatives of the resistance movement in metropolitan France.

On June 3, 1944, three days before the invasion of Normandy, the Committee proclaimed itself the Provisional Government of the French Republic. The decision to turn over to it the administration of liberated French territory proved the only

possible one under the circumstances. When Paris was freed in August, de Gaulle formally joined hands with the resistance leaders to form a new, enlarged cabinet with himself as president. The dilemma of American policy was thus solved by events. Thereafter the United States dealt with the de Gaulle regime as the government of France, negotiating with it the difficult problems arising from military operations, from the presence of American armies on the French territory, and from the serious economic situation. On October 23, 1944, the United States, Great Britain and the Soviet Union extended formal recognition to the Provisional Government.

The three major Allies, with some reluctance on the part of the Soviet Union, decided that France should again be treated as one of the great powers. De Gaulle journeyed to Moscow in December 1944 to sign a treaty of alliance with the Soviet Union directed against Germany. The following spring, at San Francisco, France became one of the five permanent members of the Security Council of the United Nations. But could the new France live up to the role of great power? Not if one judged by the armed strength or by the demographic and industrial potential of metropolitan France. With the empire, now re-baptized the French Union, France might be more formidable, but parts of the empire seemed to be slipping away in the absence of force to hold them. At home de Gaulle's government faced heavy tasks of economic organization and reconstruction, while politically it found no stable foundation on which to rest, once the *élan* of the liberation began to fade. The disarming of the resistance forces was not accomplished without a heavy strain on the façade of national unity. It was no surprise that France was not invited to the Potsdam Conference or that in the coming peace negotiations the voice of France did not carry much authority.

Italy, the first of the Axis states to feel on its own soil the full weight of the Allied attack, overthrew the Fascist regime in July 1943 and surrendered unconditionally in the following September. Although the peninsula still had to be conquered from the Germans mile by mile, a gradually increasing portion

of it came under Allied occupation. The Allied control of Italy was strictly a British-American show. It was more British than American, since Roosevelt acknowledged that British interests in the Mediterranean were more direct, but as it was a joint undertaking each partner bore equal responsibility before the Italian people and before the world. America's role was watched with particular interest; henceforth we would be judged in Europe on performance rather than on pronouncements.

The immediate Allied objective in Italy was to ensure the maximum support, in the war against the Nazis, of the Italian people, the remnants of their armed forces, and the partisans behind the German lines. This required a policy of alternate kicks and kindnesses. On the one hand, the Allies had to establish strict control over the Italian Government and over political activities, and to use Italy's meager economic resources for their own purposes. On the other, they refrained from enforcing all the onerous terms of the armistice; after the Italian declaration of war on Germany, they recognized Italy as a co-belligerent, a new status in international law created for the occasion.

The longer-range political objectives of the Allies, sometimes obscured by measures taken on grounds of expediency, nevertheless remained constantly in the picture. For Britain the prime concern was to have a weakened Italy, no longer a threat to the British life-line, existing as a friendly state within the British orbit, although British policy in practice, colored by the likes and dislikes of Churchill, was scarcely calculated to win the friendship of the Italians. In general, the United States followed the British lead, without admitting any exclusive British interest and being inclined to give the Italians more leeway in running their own affairs. American opinion, influenced partly by vocal Italian-American groups, was less vindictive than the British; it supported a lenient attitude and generous recognition of the Italians' repudiation of Fascism and their willingness, in Churchill's phrase, to "work their passage home."

The Allies were committed to a policy of assisting the Italian people to liquidate the remnants of Fascism and ultimately to

determine their own institutions in accordance with democratic principles. These aims had been put forward in a number of public statements by President Roosevelt. They found international sanction in the Declaration on Italy agreed upon by Hull, Eden and Molotov at Moscow in October 1943. The Italian Government was handicapped in trying to do anything by itself along these lines, since it functioned in the shadow of the Allied Control Commission, which exercised control on all but the lowest levels of the administration. The elimination of former Fascists from public life was not pursued vigorously before the capture of Rome, either by the government or by the Allied authorities; the latter had an interest in maintaining administrative efficiency, which a thorough purge threatened to destroy. In the matter of encouraging democratic forces the Allies were criticized for their negative attitude, partly because Churchill was intent on strengthening the monarchy and the conservative elements. The Control Commission did, however, actively assist in pushing aside the discredited King and the unpopular Badoglio government, without prejudice to the ultimate decision of the Italian people on keeping the House of Savoy. American opinion tended to be hostile to collaboration with elements closely associated with the Fascist regime. For the occupation authorities the problem was difficult because the cooperation of many Italians who had been associated with the regime, though not Fascists, was useful and in some cases extremely valuable. Soviet sources were constantly denouncing the Allied policy of "dealing with Fascists" even though the Soviet Government itself had taken the initiative in establishing direct relations with Badoglio's government.

The formation, after the liberation of Rome on June 4, 1944, of a broader provisional government under an old Socialist, Ivanoe Bonomi, and including all anti-Fascist parties, had been encouraged by American policy and was welcomed by American opinion. After the Roosevelt-Churchill meetings at Quebec and Hyde Park in September 1944, it was decided to give the Italians a greater voice in their own affairs, a reward for having "demonstrated their will to be free, to fight on the side of the

democracies, and to take a place among the United Nations." As a symbol of this change the word "control" was taken out of the Allied Control Commission, and Italy was invited to appoint direct representatives to Washington and London. In January 1945 the Political Section of the Allied Commission was abolished; though Allied rights under the Armistice were reserved, the Commission henceforth had the role of adviser rather than of control authority.

The new regime was not able to offer the Italian people much hope of escape from their difficult situation. Greater political freedom could not alter the economic conditions which brought them to the edge of starvation. A poor country under the best of conditions, Italy was impoverished by years of Fascism and war and by the destruction left in the wake of the armies moving slowly up the peninsula. Agricultural production was low. The currency in circulation more than tripled in the period between Italy's surrender and the final defeat of Germany. To begin rebuilding the Italians needed food, fuel, raw materials, transport. The Allies, who were straining every resource in fighting a world-wide war, could not provide these things in sufficient quantity, although in their own interest they did have to pour in enough civilian supplies to keep the Italian economy from breaking down completely behind the fighting front. By the spring of 1945 more than two hundred million tons of civilian supplies (food, clothing, coal, fertilizer, and medicines) had been shipped to Italy through military channels. Steps were taken to restore the most urgently needed power stations and transport lines. Dollar proceeds of U.S. troop pay in Italy and of remittances from the United States were made available to Italy for the purchase of additional supplies. The Italians were given the opportunity to export their products to the United States and Great Britain. Finally, on American and British invitation, the UNRRA Council took action in September 1944 to permit limited aid to Italy. The \$50,000,000 program, however, was inadequate and slow in starting; by the end of the first half of 1945 only 72,600 tons of supplies, mainly food, had been shipped to Italy.

The most exasperating aspect of the Italian problem was the stubborn German defense which, combined with the Allied decision not to make a major effort in the Italian theater, left northern Italy in German hands until the end of the war. It proved impossible to solve the twin problems of production and financial stabilization without the human and material resources of the most advanced section of the country. In the spring of 1945 the final liberation of the north, aided by the Italian partisans operating there, brought with it the possibility of forming a government that could claim to represent all Italy and of launching a constructive economic program with Allied aid. Unfortunately the basic sources of weakness remained. The coalition of conservative and the working-class parties in the new government of Ferruccio Parri was held together only with difficulty. Without greater production, internal transport and foreign trade it was impossible to halt inflation and black market activities.

Italy was saved from starvation and from a complete economic breakdown by advances from the occupying powers, whose total shipments of civilian supplies up to the end of 1945, were estimated at a figure of \$500,000,000, and by shipments from UNRRA which in August, after a strong plea by the U.S. representative, voted a \$450,000,000 program to carry Italy through until the 1946 harvest. The situation was ripe for extremists, both nationalists and Communists, who blamed the country's woes on the Allies' harshness and neglect of Italy's rightful claims and interests; they gained new support as the government proved ineffective and the misery of the people grew more acute. Italy needed peace, a peace which would take account of its economic plight, and needed even greater outside aid for the restoration of the foreign trade on which postwar Italy, like Fascist Italy, depended for its life.

2. Soviet Control of Eastern Europe

The experiment of joint Anglo-American occupation and control of Italy may have been a good augury for future coop-

eration between those two Allies. The exclusion of the Soviet Union from all voice in Italian matters was, however, a bad precedent for common action by the Big Three elsewhere. The Russians never had more than an "observer" with the Allied Control Commission, and the Advisory Council for Italy created at the Moscow Conference of October 1943, on which they had equal representation with the other Allies, had no real authority. It was not surprising that the Allied High Command was not ready to share authority on political and economic matters with those who did not share its responsibilities for military operations in that theater. In any case, the Russians seemed to find justification in citing the situation in Italy when answering British and American protests against their domination of the Allied Control Commissions in Rumania, Bulgaria and Hungary, where the conduct of the war was in the hands of the Soviet High Command.

The unfortunate thing, from the standpoint of a common Allied policy toward the enemy states, was that the system of exclusive control persisted in the period following the surrender of Germany when the argument about military responsibilities no longer held water. Despite American and British attempts to write into the Bulgarian and Hungarian armistice agreements the principle of genuine tripartite control after the cessation of hostilities, the Soviets did not give way; at the Potsdam Conference they made some concessions on paper but no significant change took place on the spot. In Italy the Western powers made no move to associate the Soviet Union with the work of the Allied Commission, but this work was being steadily reduced in scope after Germany's surrender.

The basic issues in both ex-enemy and Allied states in eastern Europe was whether they would regain the measure of independence they had before they were taken over by Germany or would merely exchange Nazi for Soviet domination. As the Red Army marched westward across Europe, the Nazi puppet regimes vanished from Bucharest, Sofia, Belgrade, Zagreb, Bratislava and Budapest. The Russians brought their own puppet government into Poland and set it up at Lublin. In Yugoslavia

Tito's Partisans had already won control of most of the country when the Red Army arrived. In Rumania and Bulgaria blocs representing anti-Nazi groups seized power in the autumn of 1944 and negotiated armistice agreements with the Allies. A similar regime, established behind the Soviet lines in Hungary, signed an armistice in January 1945, even before Budapest and western Hungary were captured from the Nazis.

There were no physical obstacles to the establishment by the Soviet Union of governments of its own choosing in all the countries of eastern Europe except Greece, which fell within the British sphere of military operations. Although the Russians did not go so far as to annex territory beyond their 1941 frontiers or to force the establishment of a Soviet political and economic system, they made no secret of their intention to insist on "friendly" governments, which in practice seemed to mean governments controlled by Communists. The United States and Great Britain denied that they had any intention of backing anti-Soviet forces in eastern Europe or of building a *cordon sanitaire*, but they did have obligations to the Allied governments-in-exile with which they maintained regular diplomatic relations. Furthermore, they had proclaimed as their policy the principle that the nations freed from German domination should be allowed to choose the form of government they desired. "We and our allies," said Roosevelt in his annual message to Congress in January 1945, "have a duty which we cannot ignore to use our influence to the end that no temporary or provisional authorities in the liberated countries block the eventual exercise of the people's right freely to choose the government and institutions under which, as free men, they are to live."¹

The Soviet Union had subscribed to that principle too, but even before any of these countries were liberated from the Nazis the crises which arose over Poland and Yugoslavia indicated wide differences of opinion as to the democratic and representative character of the various groups and individuals aspiring to govern them. Some of the "fascist" and "anti-Soviet"

¹ *Congressional Record*, 79th Congress, 1st Session (Daily edition), January 6, 1945, 71.

leaders whom the Russians would not tolerate were considered by the western powers to be representative of important democratic and anti-Nazi elements of the population. Those powers, in turn, regarded the "democratic" leaders supported by the Soviet Union as representative of but a fraction of the population; since many had had years of training in the Comintern, it was difficult to regard them as other than Soviet agents. During the war these differences were often glossed over or periodically composed by agreements in which the United States and Britain made most of the concessions in order not to disrupt Allied unity. The agreements reached on Poland and Yugoslavia at Yalta in February 1945 marked the decisive step toward the abandonment of the governments-in-exile and the acceptance of the Soviet-sponsored regimes as provisional governments. Yet the principles underlying American policy were not jettisoned. Roosevelt obtained what he apparently regarded as a reasonable compromise in the form of provisions for the broadening of those regimes by the inclusion of a few outsiders and for the holding of free elections as soon as possible. Their enforcement in practice would, of course, require the cooperation of the Soviet Government.

The Crimea Conference also produced the high-sounding Declaration on Liberated Europe which gave international sanction to the principles enunciated by Roosevelt and promised at least consultation between east and west as a means of eliminating the discord which had arisen over the composition of the governments in so many liberated and occupied states in Europe. The Yalta conferees announced that they would assist the liberated and former satellite nations "to solve by democratic means their pressing political and economic problems." The Declaration cited the Atlantic Charter—"the right of all peoples to choose the form of government under which they will live"—and envisaged action by the Big Three, whom France would be invited to join, to enable the peoples who had been submerged by the Nazi tide to have broadly representative provisional governments and later to hold free elections. In its application to liberated Allied states the Declaration did take

liberties with the doctrine of non-intervention, but that was considered justified by the extraordinary conditions prevailing in Europe and the fact that any advice, assistance or intervention would be collective and not unilateral. It was Roosevelt's hope that the trend toward exclusive spheres of influence might thus be checked.

The events of the following few months blasted all hopes that the Yalta agreements would have any such effect. No effort was made to provide machinery to implement the Declaration on Liberated Europe or to bring France into the picture. Possible application to western Europe, including Italy, was ignored. And in eastern Europe governments began to change in precisely the opposite direction from that which Roosevelt had contemplated. At the end of February, 1945, the Communists in Rumania provoked a political crisis which unseated the coalition government that included the main parties from conservatives to Communists. Soviet Vice-Commissar Vyshinsky, arriving on the scene from Moscow, gave King Michael no alternative to the appointment of a Communist-dominated government headed by Petru Groza. The "historic" parties, which had considerable popular support but looked to the western powers and distrusted Russia, were left out. The United States and Great Britain invoked the Yalta Declaration and appealed to Moscow for joint consultation. They received the reply that the former government had been fascist whereas the new one was fully representative of the Rumanian people; therefore there was nothing on which to consult. The Americans and British rejected the Soviet argument, renewed their request for consultation and joint action, and cut to a minimum their contacts with the Groza regime, which proceeded to fortify its position at home by strong-arm methods.

In Moscow, meanwhile, the negotiations on Poland got nowhere as it became evident that the Soviets did not intend to accept more than a token broadening of the Polish government. Poland was unrepresented at San Francisco owing to the lack of agreement which persisted until Harry Hopkins's special mission to Moscow in June brought about a minimum fulfillment

of the Yalta conditions. In Yugoslavia Tito was eliminating from his regime those who did not come all the way over to his way of thinking. In Bulgaria the Communists increased their power at the expense of the other parties. While systematically persecuting their political opponents, they prepared to hold a "single list" election which would give the voters no real free choice.

By the late spring of 1945 the harmony and hopes of Yalta had vanished. The American public was not entirely aware of these developments, since they were overshadowed by the San Francisco Conference and since few American press correspondents were able to get into eastern Europe, while those who did could not report what they saw there. The State Department, not wishing to make the situation worse nor to engage in a propaganda duel with Moscow, did not at once tell the public the full story of the deterioration of relations. When it did become known, there was outspoken disillusionment and concern among Americans over Soviet intentions and good faith. Were the Russians going to set up puppet governments wherever they could? Were they consolidating their position in preparation for an attempt to sovietize the whole of Europe? Why did Stalin sign the Yalta Declaration if he had no intention of observing it? No reassuring answers to these questions came from Moscow. Whatever the motives of the Soviet leaders may have been, the battle of interpretation which followed their stand on Poland and Rumania not only disposed of the hope that the great powers would work together to stabilize the situation in eastern Europe; it also increased the suspicion between east and west to a point far exceeding that which had prevailed before Yalta.

While diplomatic notes reflected the wide divergence of views among the great powers, on the spot the gulf deepened between the historic agrarian and bourgeois parties, on the one hand, and the Communists and their associates (generally splinter groups bearing the labels of the historic parties) on the other. The United States, willy-nilly, was cast in the role of champion of all anti-Russian and anti-Communist elements, the

fascists and collaborators as well as those who had sincerely opposed the Nazis. The failure of the great powers to act together and the Soviet policy of full support to the local Communists had the result of strengthening the extremists of both Right and Left in those countries and of diminishing their chances of gradually achieving the internal stability which would enable them to exist as independent states.

The Soviet Government apparently felt that the primacy of Soviet interests in eastern Europe had been recognized by the western powers during the war and in the armistice agreements. Had not Churchill and Eden come to Moscow in October 1944 and accepted Soviet predominance in the three former Axis satellite states in exchange for British predominance in Greece and an even division of influence in Yugoslavia? U.S. Ambassador Harriman had attended those meetings as an observer. His presence may have led the Soviets to believe that the United States accepted the agreements reached with the British. They plainly rejected the British argument, advanced later, that the Yalta Declaration nullified those agreements, and regarded the strong American and British stand on the Declaration as a new diplomatic offensive aimed at putting anti-Soviet groups in power in the Balkan states. The United States and Britain, for their part, saw the Soviet actions as evidence of a design to create an exclusive bloc of puppet states in flagrant disregard of solemn commitments. Such a bloc would establish Soviet power in the Danube basin and on the Adriatic, the very thing Churchill had foreseen when he pleaded vainly in Allied war councils for an Anglo-American invasion of the Balkans. It would press heavily on the British position in the eastern Mediterranean.

Faced with this prospect the British became all the more determined to hold on to Greece. British intervention in Greek affairs had been frequent and had contributed to the victory of the conservative, royalist parties in that country over the leftist EAM (National Liberation Front), in which the Communists were the dominant element. The fighting which broke out in December 1944, in which the participation of British troops was decisive, ended with the Varkiza agreement signed on

February 12, 1945, the same day on which the results of the Crimea Conference were announced. The military formations of the EAM were required to disarm; parties still associated with the EAM would not enter the government, but free elections and a plebiscite on the monarchy would be held within a year. The interim government, however, was anything but broadly representative within the Yalta formula; lawlessness and the threat of civil war remained; so did the British troops.

In May 1945 the Soviet Government proposed that the three principal Allies establish diplomatic relations with Rumania, Bulgaria, and Finland, as they already had with Italy, on the ground that these nations had made progress on the road to democracy and had loyally fulfilled the armistice terms. The United States replied that it was ready to resume relations with Finland (where the Soviets had permitted a free election) and with Hungary (where a broadly-based coalition still held office), but not with the unrepresentative regimes in Rumania and Bulgaria. At the Potsdam Conference in July, after further argument, the idea of acting simultaneously was abandoned, it being agreed that each power would resume relations with the former Axis satellites when it chose to do so. The Soviet Union immediately recognized all but Hungary. The United States resumed relations with Finland, but stood firm on its refusal to recognize the governments of Rumania and Bulgaria. Ernest Bevin, the new British Foreign Secretary, deviated not a jot from Churchill's policy; in his first major address on foreign affairs he stated flatly that Britain would not recognize unrepresentative regimes in Rumania, Bulgaria, and Hungary, where, he had the impression, one form of totalitarianism was being replaced by another.

The events of August in Rumania and Bulgaria did not help matters. King Michael of Rumania, encouraged by the American and British refusal to recognize the government, called on Premier Groza to resign, on the ground that he did not represent all major democratic parties. The king appealed to the three Yalta signatories to help him create a "recognized democratic government" which, under the terms of the Potsdam

agreement, would be in a position to conclude peace with the Allies and to be admitted to the United Nations. Groza, advised by the Russians to stand his ground, refused to resign. The United States and Great Britain offered to consult with Moscow; they received the blunt reply that there was no need for consultation or for "intervention in the internal affairs of Rumania." The king was left in his embarrassing predicament.

Meanwhile, in Bulgaria a crisis had developed over the proposed election of a national assembly. The Communists, in full control of the machinery of government after the withdrawal of the Agrarians and Socialists in protest against their tactics, went ahead with plans for an election which would have been nothing but a Hitler-type plebiscite in favor of the government. By frantic diplomatic efforts on the very eve of the election the U.S. Representative in Sofia obtained its postponement. This diplomatic victory was short-lived since it was not followed by a significant reorganization of the Bulgarian government nor by an adequate change in the electoral law. As a result, Bulgaria as well as Rumania was unrecognized by the western powers when the appointed time for the conclusion of peace treaties arrived.

In this crucial period, from Yalta to the autumn of 1945, the three major Allies had the opportunity to establish a firm basis for peacetime collaboration in Europe. This opportunity was lost, in no small measure because the Soviet leaders chose not to adopt in Poland and the Balkans the moderate course which they followed in Czechoslovakia and in Finland.

3. The Council of Foreign Ministers

In making their plans for the postwar world President Roosevelt and his advisers, mindful of the consequences which resulted from tying the League of Nations Covenant to the Treaty of Versailles, deliberately kept the question of the creation of a world organization separate from that of the peace settlements to be imposed on the enemy states. Every effort was made to bring the United Nations organization into being before victory was won and before the great coalition was weak-

ened by disagreements which were bound to make their appearance at the peace table. The new organization was not to make the peace settlements, and even the responsibility for enforcing them, at least at the start, was to rest not with it but with the powers which drafted the treaties and which were most directly interested in preventing future aggression by the Axis states. This idea was embodied in the United Nations Charter, which provided specifically that nothing in it should invalidate or preclude action in relation to any enemy state taken or authorized as a result of the war by the governments having responsibility for such action.

While the nations were gathered at San Francisco, word came of the end of the war in Europe. Thoughts turned to the post-war settlement and to a possible peace conference. Germany, of course, would be militarily occupied for some time, with no central government; its future was uncertain. But there seemed no reason to delay the conclusion of peace treaties with Germany's former allies in Europe. Italy, which had fought for nearly two years with the Allies as a co-belligerent, wanted to be free of the onerous armistice regime; Italians wished to know with what territory and what resources they would face the future. The former Axis satellites in eastern Europe (Rumania, Bulgaria, Hungary and Finland) had also contributed, after their surrender, to the Allied campaign against Germany and had been encouraged to believe that they would get early and rather lenient peace terms. Unable to do anything about the Soviet domination of these countries, buttressed as it was by Soviet troops and unilateral interpretation of the armistice terms, the United States and Great Britain began to look forward to the conclusion of peace treaties as a means of putting an end to the occupation. Similarly, the Soviets, who had no real voice in the control of Italy, were anxious to see the abolition of the Allied Commission and the withdrawal of British and American troops from that country.

It was generally accepted that the big powers which had carried the burden of the war should make the peace. The "Big Three," during the war, had already begun to make the peace

at Moscow, Teheran and Yalta, and in the several armistice agreements. Despite the repeated statements from Washington that questions of boundaries, reparation and the like should not be taken up until the general peace settlement, such questions were dealt with, chiefly at Soviet insistence, while the war was still going on; consequently the outlines of postwar Europe, particularly eastern Europe, could be perceived before the statesmen had even begun to talk about peace treaties. The decision had been taken at Moscow in October 1943 to reestablish an independent Austria. Poland had lost its eastern provinces and at Potsdam was given control of German territory east of the Oder. Under the armistices Finland and Rumania had again given up to the Soviet Union the territories which the latter had taken from them in 1940. Rumania, Hungary and Finland were each obligated to pay \$300,000,000 as reparation. The United States and Great Britain took refuge in the thought that nothing was final until the peace treaties were written, but as a practical matter, by the end of the war the Soviet Union had consolidated its influence throughout all of eastern Europe.

In the summer of 1945 the two strongest powers, the United States and the Soviet Union, were in agreement that a full-dress peace conference, like that of Paris in 1919, should be avoided. A realistic and workable settlement would depend, after all, on the agreement of the great powers, whether the small powers liked it or not. President Truman and Secretary Byrnes went to Potsdam in July with a proposal for a Council of the Foreign Ministers of the five great powers (U.S.A., U.K., U.S.S.R., France and China) which would be a permanent body, meeting periodically to deal with outstanding problems. In the absence of the Ministers, high-ranking deputies would carry on the work. The Council's first task would be the preparation of draft treaties for Germany's former allies in Europe, the drafts then to be submitted "to the United Nations."²

The American proposal was accepted in principle by the Brit-

² This phrase appeared in the Potsdam agreement without further clarification. The original U.S. plan seems to have envisaged submission of the treaties for *pro forma* approval to all the United Nations, not just those which were at war with the enemy states in question. The lack of precision caused difficulties later.

ish and the Russians, although the latter objected to Chinese participation in the drafting of the five prospective peace treaties and to French participation in the drafting of any but the Italian treaty. In the Soviet view the states which had the power should themselves work out the settlements on which the future equilibrium should rest. France and China were the juridical equals of the Big Three as permanent members of the Security Council of the United Nations, but they were "great powers" more or less by courtesy of the others, and in the settlement of concrete problems involved in the European peace treaties China, in terms of power, did not count, nor did France count any longer in eastern Europe. The American proposal had contemplated a council of five powers each with an equal voice on all questions, but at Soviet insistence it was agreed at Potsdam that in preparing the peace treaties the Council should be composed of those governments which had signed the respective armistice agreements, France being deemed for this purpose a signatory of the Italian armistice. Thus four powers would draft the Italian treaty, three powers the Balkan treaties, and two powers, the Soviet Union and Great Britain, the treaty for Finland.

4. The London Meeting: Conflicts of Policy

The Potsdam communiqué, issued on August 2, 1945, stated that the new Council of Foreign Ministers would meet in London by September 1 to draw up the five peace treaties. That gave but little time for preparation. The different governments had had the various treaty problems under study for some time; in the State Department and the British Foreign Office the more than thirty territorial disputes in Europe had been examined in detail. But neither on the basic issues nor on details had there been any exchange of views with the Russians, save a brief discussion at Potsdam on Italian reparation. On some important questions, such as the limitations to be imposed on the armed forces of the former enemy states and the disposition of the Italian colonies, the United States had not determined its own

policy. The new Secretary of State, occupied since he took office chiefly with the Potsdam discussions and the problems of Japan's surrender, had had little opportunity to acquaint himself with the background on questions connected with the peace treaties. His closest advisers on the small delegation he took to London were more or less in the same position.

The Potsdam Conference had resulted in agreement on thorny issues concerning Germany, the central problem of Europe. The peripheral problems might be expected to be easier. But the Italian treaty involved the balance of power in the Mediterranean and the Balkan treaties raised the question of the control of eastern Europe. Not many days passed, after the Council of Foreign Ministers held its opening meeting at Lancaster House on September 11, before it was apparent that the main task was not to make peace with Italy and the Balkan nations but to make a settlement between the western powers and the Soviet Union. For Molotov was challenging Anglo-American supremacy in the Mediterranean, and he was not retreating an inch in the Balkans from the dominating position gained during the armistice period.

As at Potsdam and the wartime Big Three meetings, secrecy ruled at London. Yet within a matter of days it was no secret that the negotiations were going badly and that the wartime partnership between Russia and the west, no longer held together by the common struggle, appeared to be breaking up. The British put forward proposals for the Italian treaty which were rather harsh in their manner of presentation but not unduly so in substance except for the military and naval clauses, the provision for the renunciation of all colonies, and certain economic clauses. On these points Italy's loss plainly would be Britain's gain. The less specific American proposals did not differ widely from the British, although the hastily conceived idea of establishing over the former Italian colonies of Libya and Eritrea ten-year trusteeships administered by the United Nations, to be followed by independence, found no counterpart in the British draft. If those two powers and France alone had been concerned, a treaty probably could have been negotiated

without great difficulty. The disturbing element was introduced by Molotov, who startled his colleagues with a request that the Soviet Union be named the administering authority over Tripolitania under the trusteeship system. Coupled with his support of the Yugoslav claim to Trieste and his refusal to agree that the Dodecanese should be ceded outright to Greece, this move looked to Bevin like "a thrust across the throat of the British Empire." There was not the slightest chance that he would agree to the Soviet demands. The United States and France were just as unwilling to see the Soviet Union established in the Mediterranean. On these vital questions no concessions were made on any side. It was the same story on reparation. The western powers, convinced that Italy could not pay except out of British and American pockets, opposed any payment of reparation. Molotov named the figure of \$300,000,000 and stuck to it.³ Not being able to solve any of these questions the Ministers passed them on to their Deputies.

The atmosphere was already charged when the five Foreign Ministers, having got nowhere on the Italian treaty, turned to those with the former Axis satellites, since become Soviet satellites. Here the Soviet proposals were very simple, for the real "settlements," in the Soviet view, had already been made by the armistice agreements and were working very well. All that was required in the treaties was confirmation of the appropriate armistice provisions. The United States and Great Britain found themselves faced with a decision whether to try to achieve in the peace treaty negotiations what they had been unsuccessful in obtaining in the armistice period, namely a foot in the door of eastern Europe, politically and economically.

In the preliminary discussion of the question of control of the Danube, in connection with the Rumanian and Bulgarian treaties, Bevin made it plain that Britain hoped to regain the economic position it had had in the Balkans before the war. His American colleague backed him up. On the political side Byrnes

³ \$100,000,000 was to go to the U.S.S.R., the remainder to Yugoslavia, Greece and Albania. This demand marked a reduction of the \$600,000,000 claim made at Potsdam.

raised the issue of the character of the governments in those two countries. By taking the position that the United States would not sign treaties with the existing unrepresentative governments of Rumania and Bulgaria, he touched off a long and heated argument in which were aired all the old American and British charges concerning the situation in eastern Europe: violation of the Yalta Declaration on Liberated Europe, maintenance of puppet regimes, exclusion of press correspondents. Molotov defended Soviet policy as democratic and countered with a denunciation of Allied policy in Greece. Drawing the lines a little sharper, Byrnes suddenly announced the readiness of the United States to recognize the government of Hungary on receipt of a pledge of free elections. The Hungarian provisional government still included the agrarian and liberal Small Landholders Party, which was desperately trying to balance western influence against eastern pressures. The Soviet Union countered by immediate recognition of Hungary without qualifications, an attempt to strengthen the position of the Communists.

After ten days of talk the Council had to face the fact that the first effort at peacemaking was a failure. It had reached a few preliminary agreements in principle; that Italy should renounce sovereignty over its colonies and the Dodecanese; that the Italian-Yugoslav frontier should follow the ethnic line "in the main" and that Trieste should be a free port; that the armed forces and armaments of Italy, Rumania and Bulgaria should be limited to those necessary for the maintenance of internal order and for "local" frontier defense; that Italy should retain the South Tyrol except for possible minor rectifications; that Soviet troops should withdraw from Bulgaria after the coming into force of the treaty, and from Rumania and Hungary as well except for troops needed to maintain the line of communications to the Soviet zone in Austria. It was not decided where the Italian-Yugoslav frontier would run and who would get Trieste, or how the Italian colonies would be disposed of, or what size army and navy Italy would be permitted to have. On Italian reparation, control of the Danube, Transyl-

vania, and a host of lesser questions there was no agreement whatever. The treaty with Hungary had not even been discussed. The control of Japan had been raised by Molotov, a point on which he might have had support from Britain and China, but Byrnes had not come to London prepared to talk on Japan and refused to do so. At this moment, when heroic measures were required to save the conference, the Soviet Delegation chose to raise the procedural question which blew it up.

At the first meeting on September 11 it had been decided that the five Foreign Ministers should participate in all the Council's deliberations but that decisions would be taken on the "four-three-two formula" agreed at Potsdam. On September 22, evidently tired of being in a minority of one on most controversial questions, Molotov announced that this decision violated the Potsdam agreement. He said that France and China should not have been allowed to participate in discussions on the Balkan treaties, as they had not signed the respective armistice agreements, nor should China have participated in the discussions on Italy. There was some justification for the Soviet position in a strict interpretation of the Potsdam agreement. Byrnes and Bevin agreed with Molotov that states other than armistice signatories should have no vote in the Council, but they objected to going back on the procedural decision of September 11. The unyielding Soviet position on this point made it impossible to continue discussion of the treaties. The Council turned to other items on its agenda and for several days conducted long and wearisome debates on such topics as the Austrian food supply, international waterways, and the repatriation of Soviet nationals. Bidault raised the German question, but the others were not ready to talk about it.

In order to get on with the work, Byrnes proposed several compromises, all of which were rejected. Then, reluctantly and after obtaining the consent of the British, French and Chinese Ministers, he said he would accept the Soviet position on the procedure of the Council in its preparatory work on the treaties, if his colleagues would agree to convoke, before the end of the year, a peace conference composed of the five members of the

Council, all European members of the United Nations, and all non-European members which had supplied substantial military contingents in the war against European members of the Axis. The United States suddenly appeared as champion of the rights of the small nations, to which it had given little consideration in its original thoughts on the subject of peacemaking. Molotov underwent no such change of heart. He would not agree to discuss the American proposals unless the Soviet position on procedure was first accepted. It seemed evident that the Soviet leaders were quite willing to have the conference break down, once they were sure that their maximum program on the Italian and Balkan treaties would not be accepted at the London meeting. With the passage of time, and with anticipated public pressure in America for a speedy settlement, they might have better luck later. Meanwhile, the uncertainty in Europe might be turned to Soviet advantage.

There remained nothing to do except bring the conference to an end and announce its failure. Even the protocol which was to embody the few decisions reached never saw the light of day. Molotov's insistence that all references to the "illegal" participation of the French and Chinese Ministers be expunged made it impossible for the Council to agree on the record of its meetings. The five Foreign Ministers left London in the first days of October to go home and try to explain to their own people what had happened.

5. The Moscow Conference

Secretary Byrnes, addressing the American people by radio on his return, put the blame for the London fiasco squarely on the Russians. He admitted that there were disagreements on questions of substance, particularly the vexed question of the recognition of the Rumanian and Bulgarian governments, but emphasized the procedural dispute; he called it "no trivial or technical question" but a vital issue, whether the peace was to be made by three, or even five, nations to the exclusion of others immediately concerned. Disillusioned by Molotov's use of the

"veto," which was of course operative in the Council of Foreign Ministers on every point, important or unimportant, substantive or procedural, Byrnes stated bluntly that it should not be used "to coerce the judgment and conscience of fellow nations." He emphasized the "preparatory and explanatory" nature of the Council's work and implied that it must be subject to review by a representative peace conference. The United States was not willing "to dictate terms of peace to its allies."⁴

This righteous attitude was shared by American opinion, to judge by the press reaction. It was by that time an accepted fact that relations with the Soviet Union were bad. People were beginning to ask themselves how far Soviet expansion would be allowed to go. The abrupt termination of lend-lease to Russia, though nothing out of the ordinary since it was required by the law, was received with general approbation. There was practically no support for a loan to the Soviet Government, whose formal request was being studiously ignored. The spectacle of the U.S. Secretary of State refusing to be browbeaten into agreement for the sake of agreement was applauded.

Other matters then came to the fore which made Soviet-American relations even worse. There was still the Polish question, despite the Yalta agreement and the subsequent formation of a provisional government including Stanislaw Mikolajczyk, former Prime Minister of the government-in-exile, and a handful of his colleagues. This government had been recognized in July of 1945 by the United States. Reports from Poland told the story of pressure on Mikolajczyk, who was without authority in the government and was prevented from organizing his Peasant Party for the coming elections, which obviously were not going to be "free and unfettered" in accordance with the Yalta pledge, confirmed at Potsdam. Controversies had arisen over Far Eastern questions. American practice in Japan, as Moscow acidly pointed out, did not correspond to American words on the subject of common Allied action in the occupied enemy states of eastern Europe. The Far Eastern Advisory Com-

⁴ "Report by the Secretary of State on the Meeting of Foreign Ministers," Department of State, *Bulletin*, XIII, December 30, 1945, 1033-1036.

mission in Washington, instituted by the United States as a substitute for an Allied Control council in Tokyo, was ignored by the Soviets. Behind all the ill-feeling and suspicion so evident at London and in the weeks thereafter was the atomic bomb. Soviet publications began to describe the new American firmness as "atomic diplomacy." So long as the United States made no proposals for sharing its secrets or for an international treaty outlawing the bomb, the Soviet Government showed no readiness to negotiate on any subject in a mood of sweet reasonableness.

The State Department did not think it had anything for which to apologize in its firm policy toward Soviet demands. But this policy was doing nothing to advance world peace and stability. The United States wished to make the United Nations a reality, and the indefinite postponement of the making of peace in Europe threatened to stifle the new organization before it began to operate. An irreparable breach with Russia, leaving Europe a prey to uncertainty, to political extremes, and to economic chaos, was an eventuality the United States had no desire to see. To check this trend a serious effort was necessary. In an attempt to find some way out of the Balkan impasse, Byrnes sent his friend Mark Ethridge, Louisville publisher, on a special mission to Bulgaria and Rumania to investigate the representative character of those two governments. Ambassador Harriman was sent to visit Stalin, then resting on the shores of the Black Sea. Thus the ground was prepared for the compromises which arrested the drift toward an open break. Byrnes then proposed a meeting in Moscow of the Foreign Ministers of the Big Three to attempt to find at least temporary solutions for the many pressing problems.⁵ Like Cordell Hull two years before, the U.S. Secretary of State, by offering to undertake the air trip to Moscow, showed how seriously he desired a basic understanding with the Soviet Union. He arrived in a snowstorm on December 15, 1945.

The Moscow Conference, like its wartime predecessors a se-

⁵ Such meetings, "as often as may be necessary," were envisaged in the communiqué issued after the Crimea Conference. As it was not a meeting of the Council of Foreign Ministers, the question of attendance by France and China did not arise.

ries of secret meetings, was the scene of some hard bargaining. The peace treaty procedure in the Council of Foreign Ministers was fixed in the way the Soviets had insisted at London, but specific provision for a peace conference was added. On eastern Europe the western powers made definite concessions. On the other hand, the American plan for a United Nations commission on atomic energy was accepted, the American views on China and Korea substantially prevailed, and the concessions Byrnes made on control of Japan were tied up in such a complicated procedure that, as experience proved, they meant little.

Byrnes and Bevin accepted a solution which left no doubt that the five peace treaties would be written by the great powers. First, drafts were to be prepared by the Deputies, working on the four-three-two basis. In return for this concession Byrnes obtained agreement on calling a peace conference, to be composed of the five members of the Council plus seventeen other Allied states which had fought in Europe with "substantial military contingents," and to meet in Paris not later than May 1. Its role in making the peace settlements, a restricted one to say the least, was to consider the drafts prepared by the Council of Foreign Ministers and to make recommendations to the Council, which would itself put the treaties into final form.

On the question of Rumania and Bulgaria the compromises of Moscow, which opened the way to recognition of the two governments by the United States and Great Britain, were weighted in favor of the Soviet position. Secretary Byrnes went to Moscow armed with the report of Mark Ethridge, whose on-the-spot investigation fully confirmed the view that the Groza government in Rumania and the Gheorghiev government in Bulgaria were not broadly representative and were dominated by the Communists. The Bulgarian elections, postponed in August, were held in November, just after Ethridge's visit; boycotted by the opposition parties, they resulted in a sweeping victory for the government bloc, and the U.S. State Department declared that it could not regard them as measuring up to the Yalta principles. Hungary, on the other hand, held an election in November which was comparatively free; as might be ex-

pected, since the Hungarians were not enjoying the Soviet occupation, they gave an absolute majority to the anti-Communist Small Landholders Party. It was an experiment which the Soviets would not wish to repeat in Rumania or Bulgaria.

If Byrnes had wanted to take a firm stand on the Yalta Declaration and repeat the previous September's bitter controversy with Molotov, he had plenty of facts to support his case. But he and his advisers were not convinced that non-recognition for an indefinite period would really help to achieve the ends of American policy in the Balkans. Obviously the United States did not intend to back up its view of the Yalta Declaration with force. Without abandoning its principles and policies, it could perhaps support them more effectively while maintaining normal diplomatic relations with the countries in question. In any case, Byrnes was willing to accept a settlement whereby the existing Rumanian and Bulgarian governments would be broadened by token representation of the pro-western opposition parties and would pledge free elections at an early date. The United States and Britain agreed to recognize the governments after the reorganization, to be guided in the case of Rumania by a tripartite U.S.-British-Soviet commission and in that of Bulgaria by the good offices of the Soviet Government, had been effected.

These solutions, although not burying the Yalta principles entirely, unquestionably represented a retreat from the previous American position. The Soviet Government also retreated but traveled a shorter distance to reach the point of compromise than the United States did. The settlements were something of a face-saving device, to enable the great powers to get on with the work of the peace treaties without being further bedeviled by the question of recognition. The Americans and British apparently did not have much real hope that the Moscow agreements on Rumania and Bulgaria would work out any better than had the Yalta agreements on Poland and Yugoslavia which they resembled. They scarcely expected that the "broadened" Rumanian and Bulgarian governments would really hold free elections. If they did not, the world could be told as much, and the actual situation would be no worse than before.

News of the agreement on peace treaty procedure was flashed to the world on Christmas eve. Three days later the other agreements were announced. The fact of agreement had a tonic effect on world opinion. Some critics in the United States, pointing to the high price paid, talked of an "eastern Munich" with Byrnes in the role of Neville Chamberlain. Sumner Welles denounced the Balkan settlements as a betrayal of the Balkan peoples and of Roosevelt's ideals. But the general reaction in the United States and elsewhere was one of relief and of hope. Now at least the United Nations could come to their first meeting in London with some feeling of confidence. Yet basically the world situation remained dangerous. There were serious problems not settled at Moscow. Neither the Soviet Union nor the western powers trusted the other in Germany. The latter were alarmed over Soviet penetration of Iran and pressure on Turkey.

Like their Yalta and Potsdam forbears, the Moscow agreements were immediately followed by controversy over interpretation and began to break down. In the Balkans the planned solution in Bulgaria fell through completely when the "good offices" of the Soviet Government merely stiffened the refusal of the Bulgarian government to take in opposition leaders except on its own conditions. The Rumanian government, having added members of the two opposition parties as nominal ministers and gained recognition by the western powers, proceeded flagrantly to break its promise to allow political freedom during the electoral campaign. The agreements on the Far East did not survive the test of concrete application.

The very concessions which Byrnes had made at Moscow, for the sake of concord and to get the wheels of the peacemaking machinery started again, apparently confirmed the Soviet leaders in the view that it paid to be assertive and uncooperative, that the best preparation for favorable agreements was to combine swift and sure consolidation of areas in the Soviet orbit, diplomatic and propaganda offensives aimed at countries beyond, and hard bargaining at the conference table. It was an auspicious atmosphere neither for the success of the United Nations nor for the coming peace negotiations.

The following judges were elected to the International Court of Justice: Alejandro Alvarez (Chile), J. Philadelpho de Barros Azevedo (Brazil), Abdel

test developed over the choice of a Secretary General, admittedly a key position in the future development of the entire organization. A decision required agreement among the five great powers, since the nomination had to come from the Security Council, where each had a veto. Illustrating the manoeuvres for influence in the new organization, the Soviet Union proposed Simić of Yugoslavia and Rzymowski of Poland, both obviously unacceptable to the Western powers and not well qualified for the post, while the United States supported Lester Pearson of Canada. When the Soviet delegation let it be known that it would block the selection of Pearson, Trygve Lie, Foreign Minister of Norway, a compromise candidate acceptable to all, was chosen. On February 1, 1946, he was elected by the General Assembly.

Looking at its agenda, the Assembly found some items which took it beyond the organizational phase, items on which there was no prior agreement among the great powers. In the committees² and on the floor of the Assembly itself these topics provoked sharp exchanges between the American and Soviet delegations. One of them, which affected the basic character of the organization, was the request of the World Federation of Trade Unions for permanent representation, in an advisory capacity, in the General Assembly, and for regular consultation and eventual full participation, with the right to vote, in the Economic and Social Council. Another was the fate of displaced persons and refugees, a topic which had already contributed its share of ill feeling to Soviet-American relations.

Hamid Badawi Pasha (Egypt), Jules Basdevant (France), Isidro Fabelo Alfaro (Mexico), José Gustavo Guerrero (El Salvador), Green H. Hackworth (U.S.), Hsu Mo (China), Helge Klaestad (Norway), Sergei Krylov (U.S.S.R.), Sir Arnold McNair (U.K.), John E. Reed (Canada), Charles de Visscher (Belgium), Bohdan Winianski (Poland), Milovan Zoričić (Yugoslavia).

² The following permanent committees were established: General Committee (procedural); Committee No. 1 (Political and Security Questions); Committee No. 2 (Economic and Financial Questions); Committee No. 3 (Social and Humanitarian Questions); Committee No. 4 (Trusteeship Questions); Committee No. 5 (Administration and Budget Questions); Committee No. 6 (Legal Questions). The Assembly also appointed a temporary Permanent Headquarters Committee.

Arthur Henderson, an untiring worker in the cause of peace, once remarked that in matters of war and peace, peoples are always ahead of governments. There was much to be said for allowing the sentiments of the people of the world to voice their feelings in the forum of the world organization through organs which cut across national lines and by other than governmental spokesmen strictly bound by the concept of national interest. This argument was strongly presented by the Soviet Union and France in support of the WFTU's request. Senator Tom Connally, speaking for the United States, replied that non-governmental bodies could not "participate" in the work of the United Nations, an association of sovereign states, and that in any case no one body should be singled out for recognition, certainly not the WFTU, as the spokesman for world labor. Not mentioned in the debate, but not absent from the minds of the delegates, was the fact that the WFTU had been brought into being under Soviet leadership and included the government-organized trade unions of the Soviet Union and other states of eastern Europe as well as the Communist-dominated unions of certain other states, notably France; also, the U.S. Delegation could not ignore the fact that it included the CIO and was bitterly opposed by the American Federation of Labor. Connally took the lead in pressing for the resolution which was ultimately adopted by the Assembly. It was a recommendation to the Economic and Social Council "to adopt suitable arrangements" enabling the WFTU, the AFL, the International Co-operative Alliance, and other non-governmental organizations, whose experience the Economic and Social Council would find it necessary to use, "to collaborate for purposes of consultation" with the Council.³ Voting against the resolution were the Soviet Union and the other states which have come to be known in international conferences as the "Slav bloc:" Byelorussia, the Ukraine, Poland, Czechoslovakia, and Yugoslavia. It was a victory for the United States, but a rather ominous one

³ This resolution was in line with Article 71 of the United Nations Charter providing that the Economic and Social Council might make suitable arrangements for consultation with non-governmental organizations, international or national.

since it illustrated the tenacity with which the Soviet Union would stand uncompromisingly on its point of view, even on questions eminently capable of a reasonable compromise solution; and the result gave the appearance of a mobilization of votes by the west against the Russians and their supporters.

Differences were even sharper when the Assembly considered the general principles which were to guide the Economic and Social Council in dealing with the question of displaced persons and refugees. The problem centered on the presence in the American and British occupation zones in Germany and Austria of a large number of nationals of the Soviet Union and other states of eastern Europe under Soviet influence. These people had been "displaced" by the Germans to augment the wartime labor supply or had fled with the Germans when they withdrew from occupied territories. The question of how to deal with them pending a decision on their disposition had plagued the American and British occupation authorities and their governments ever since the German surrender. The Soviet, Polish, and Yugoslav Governments alleged flatly that many of them were war criminals, quislings, and fascists, and that the others were being totally deceived concerning conditions in their homelands. These governments wished at least to be able to control activities in the camps where the refugees were staying and to be able to influence them to return.

Mrs. Roosevelt made a moving plea for the observance of the principles of freedom in dealing with displaced persons. Some, she conceded, were undoubtedly criminals and quislings; they would be dealt with in accordance with the appropriate international agreements. Others were genuine political refugees, people who had fought for the Allied cause against the Nazis but happened to be in opposition to the existing regimes in their own countries; the United States could not agree to their forced return or to placing their fate, against their will, in the hands of those regimes. The gulf between east and west yawned wide when Mrs. Roosevelt based her stand on human rights and on the historic tradition of the United States as a haven for political and religious refugees, Hector McNeil of Great Britain ap-

pealed to "axioms of Western European and Anglo-Saxon thought," and Andrei Vyshinsky, the Soviet representative, replied that on matters such as this there had been too much freedom, too much tolerance. It was in this way, Vyshinsky said, that fascism had been allowed to grow and prosper, and these refugee camps were becoming nests of fascist agitation against members of the United Nations. The Soviet Delegation fought hard for its point of view, as the same arguments were repeated in committee, sub-committee, and finally in the Assembly itself. But the voting, as expected, supported the American position.

The resolution finally adopted referred the whole matter to the Economic and Social Council, laying down the following principles to guide the preparation of its report: (1) that the problem was international in scope; (2) that no refugees or displaced persons (other than war criminals or quislings, to be dealt with in conformity with international agreements) who had expressed valid objections should be forced to return to their countries of origin, but that they should be encouraged and assisted to return; (3) that those who did not desire to return should become the concern of whatever body might be recognized or established as a result of the report made by the Economic and Social Council. Meanwhile existing bodies dealing with refugees, such as UNRRA and the Intergovernmental Committee on Refugees, were expected to carry on their activities.

2. Mandates and the Trusteeship System

The General Assembly found itself faced with another important subject, one which under the Charter was to be the province of a separate organ of the United Nations, the Trusteeship Council, which did not yet exist. It could not be constituted until trusteeship agreements for dependent areas, under the terms of the Charter, had been concluded. There was need for action since the mandate system, as a part of the League of Nations, was being liquidated. The first step was to find out what areas would be made the subject of trusteeship agree-

ments. Ernest Bevin, in his first speech in the General Assembly, stated his Government's decision to place Tanganyika, British Cameroons and Togoland under the trusteeship system if satisfactory terms could be negotiated. He wished to leave no doubt, however, that continuity of administration would be maintained until the stage of self-government was reached. Obviously, Britain did not intend to turn over its mandated territories to international administration but wished rather to exchange the name of mandatory for that of trustee. As for Palestine, Bevin preferred to await the report of the Anglo-American Committee of Inquiry before making any proposals regarding that mandate. Transjordan, he said, need not be considered in connection with trusteeship since the British Government would take steps in the near future to establish it as an independent state.

Australia, New Zealand, and Belgium stated their willingness to negotiate trusteeship agreements concerning the mandated territories under their respective administrations.⁴ Bidault of France was more cautious concerning those parts of Cameroons and Togoland under French mandate. France was willing to carry on its civilizing work under trusteeship arrangements, but only "on the understanding that this should not entail for the populations concerned any diminution of the rights which they already enjoyed by reason of their integration into the French community, and that those arrangements would be submitted for approval to the representative organs of the populations in question." This sounded to some delegates more like absorption into the French Empire than preparation for independence. The Union of South Africa went further and reserved its entire position on the future of its mandate for South West Africa pending a consultation of the population. South Africa had made no secret of its desire to settle the question of this mandated territory by simply annexing it to the Union. Several delegates were not slow to point out that annexation of

⁴ Australia held the mandate for the territory of New Guinea and was administering authority on behalf of the Australian, United Kingdom, and New Zealand Governments over the island of Nauru. New Zealand had the mandate for Western Samoa, Belgium the mandate for Ruanda-Urundi.

mandated territories, by France or South Africa, would hardly conform to the obligations assumed under the Versailles Treaty and would look like a strange way to apply the trusteeship principle. In its final resolution the Assembly confined itself to inviting the states holding territory under mandate to undertake practical steps to conclude trusteeship agreements and submit them for the approval of the United Nations.

The United States took the lead in supporting a resolution reminding all powers responsible for the administration of non-self-governing territories, whether under the trusteeship system or not, to accept as a sacred trust the obligation to assist the development of free political institutions and self-government, as is provided in Chapter XI of the Charter. The U.S. Delegation publicly welcomed the possibility of the rapid transfer of the mandated territories to the trusteeship system. Presumably it had some reservations in the case of certain territories which were not mentioned in the Assembly, the Pacific islands under American occupation. The disposition of the conquered Pacific islands formerly held by Japan either outright or under mandate had become the subject of speculation abroad and of controversy at home. The task of the Administration was to reconcile our security requirements in the Pacific with our general policy with respect to territorial aggrandizement and the principle of international trusteeship for dependent areas; practically, this meant reconciling the views of the Navy, War, and State Departments.

In his Navy Day speech in October 1945 President Truman stated that the United States did not seek one inch of territory anywhere in the world, but affirmed "our right to establish bases for our own protection." At his press conference of January 15, after the London meeting had opened, he attempted under questioning to clarify his position by saying that this country would hold as sole trustee those Pacific islands which were vital to its security; in the others we might share the role of trustee with other powers. This prospect did not meet the desire of the Navy and War Departments that the islands needed for bases be purely and simply annexed. In their view, no mat-

ter how nominal the trusteeship obligations, it was better not to submit to international inspection or to risk outside interference in the administration of islands which were purchased at so high a price in American lives and which, in their opinion, were absolutely necessary to the defense of the United States. Influential Congressional leaders, including the members of the Senate Subcommittee on Naval Affairs which dealt with this problem, resolved to fight any scheme which would give authority to the Security Council and thus allow other powers to veto our plans for the fortification and use of the bases we needed.⁵ The President's political advisers, on the other hand, took the view that our security could be fully safeguarded under the system of American individual trusteeship over the strategically vital islands, a situation foreseen by the language of the Charter. The trusteeship agreement would have to be acceptable to us, and the exercise of functions by the Security Council on behalf of the United Nations would of course be subject to our veto.⁶ Unless we went that far, it was argued, we should be striking a blow at the United Nations and at our own moral position, for not only had we repeatedly said that this country sought no territorial aggrandizement; we had also earnestly supported the trusteeship principle.

There was considerable concern in public opinion over the apparent retreat from our principles. The *New York Herald Tribune* asked whether we were going to use the trust provisions of the Charter "to import some reality into the idea of an international order in the world, or only as a lot of handsome window dressing covering our own relapse into as pure nationalistic power politics as any empire ever played."⁷ At his press conference of January 24 the President was willing to add to his previous declarations only that he "could say definitely that the

⁵ An informal poll conducted by the *New York Times* among a limited number of Senators and Representatives indicated more sentiment for annexation than for "individual trusteeships under the U.N.O." (*New York Times*, January 31, 1946).

⁶ Articles 82 and 83 of the Charter make provision for "strategic areas" which may in each case include part or the whole of a trust territory to which a trusteeship agreement applies.

⁷ *New York Herald Tribune*, January 18, 1946.

national defense necessities of the United States would not be sacrificed." The one thing which was clear was that if we accepted any trusteeship arrangements at all for the islands we considered essential, it would be on our own terms. It was not easy to answer the charges of hypocrisy or to deny that ours was a policy of having our cake and eating it too.

3. Choosing a Permanent Site

The question before the General Assembly in which the American people showed the greatest interest was undoubtedly the choice of a permanent site. Ever since the San Francisco Conference it had been generally assumed that the home of the United Nations would be in the United States. Hence the deluge of prospectuses and official delegations of boosters from various American communities which descended on the Preparatory Commission, whose task it was to recommend a site to the Assembly. Before considering the relative merits of the climate and hospitality of California, the majestic scenery of the Black Hills of Dakota, and the historical traditions of Boston and Philadelphia, the Commission had to settle a dispute that many had thought was already decided. Great Britain, with the support of France and other European members, was still making a strong fight to install the headquarters in "a small country in Europe."

The British had no objection to going back to Geneva; above all, they wanted the United Nations on their side of the ocean. They argued that shattered Europe, the center of the world's most difficult problems, needed the organization close at hand as a symbol of peace and hope, and that the latter would see its tasks more clearly if located there; if established in the United States or on the territory of any great power, it might be subject to pressures and become an issue in party politics. The Soviet Union, on the other hand, had no liking for the idea of a return to Geneva, of unhappy memory. The Soviets did not conceive of the United Nations as an organization acting independ-

ently of the big powers. Knowing that no locality in the Soviet "sphere" had a chance of acceptance, they took a position squarely in favor of a site in the United States. The combination of Slavic, Latin American, and Pacific countries which lined up on that side was too much for the western European and Arab states to overcome. On December 15, 1945, the Preparatory Commission took a definite decision in favor of locating the permanent headquarters in the United States.

One week later the possibilities were restricted still further to the eastern part of the country, Australia and China having lost their campaign for a return to San Francisco, "the cradle of the United Nations." The Soviet Union and Great Britain both favored the east, the latter feeling that if the site had to be across the Atlantic it should be as near as possible to Europe. A special committee was then named to inspect possible sites and make recommendations. That committee did most of its reconnoitering in the vicinities of New York and Boston, returning to London on February 4, 1946. Its report, recommending a permanent site in the "Greenwich-North Stamford area" and interim facilities in New York City, was turned over to the Permanent Headquarters Committee set up by the General Assembly. Then followed heated discussions in which the question of locating the headquarters in San Francisco or even in Europe was reopened. The "neutral" attitude of the United States added to the uncertainty.

Meanwhile the adverse reaction of the residents of the recommended area introduced the unexpected problem of "displaced persons" in the United States. The French Delegation led a movement to postpone the whole matter until September, which was defeated only by the narrowest of margins. The final resolution, adopted first by the Committee and then without discussion by the Assembly at its final meeting on February 14, provided that the permanent headquarters should be situated "in Westchester County, New York, and/or Fairfield County, Connecticut." A commission was established to prepare plans and estimates of the costs of sites varying in size from two to forty square miles and to recommend a specific site to the

Assembly in September. Temporary headquarters would be located in New York City.

The way in which this decision was reached left the impression that the matter was still open. San Francisco and other American cities refused to be counted out and kept up their campaign. The most important question, however, was decided. The next and subsequent sessions of the General Assembly would be held in the United States. The Security Council and the Economic and Social Council would soon be meeting in New York. What more striking illustration could there be of America's abandonment of isolation than the spectacle of the establishment on American soil of what would be, at least symbolically, the new world capital? Neither the studied neutrality of the United States Delegation nor the sour note introduced by the protests of suburban residents concerned over their property could dim the significance of this fact. The American people, speaking through their elected and accredited representatives as well as their press, welcomed the United Nations to this country.⁸

4. Testing the New Peace Machinery: The Case of Iran

According to the plans drawn up for the London meeting, the Security Council in its opening sessions would have little more to do than nominate a Secretary General of the United Nations, take part in the selection of judges of the International Court, and institute the Military Staff Committee. Instead, it found itself faced with a full-blown crisis in Iran, which the Iranian Government chose to bring before the United Nations under the Charter as "a situation which might lead to international friction," resulting from Soviet interference in its internal affairs. Then came in rapid succession a Soviet request that the Council consider the "situation" caused by the presence of British troops in Greece, a similar Ukrainian request concerning

⁸ The House and Senate had passed without objection a joint resolution in December 1945 inviting the United Nations to establish permanent headquarters in the United States (*Congressional Record*, 79th Congress, 1st Session [Daily edition], December 10, 11, 1945, 11930, 11970).

Indonesia, where British forces, it was charged, were taking part in military actions directed against the local population, and finally a request from Syria and Lebanon that the Council recommend the evacuation of British and French troops from those two countries. The fledgling United Nations, before it had even worked out its own procedure, was being faced with issues which reflected the conflicts, at the sorest points of friction, between the great powers, the Security Council's permanent members, on whose unity of purpose and action the whole structure of the peace machinery was supposed to rest.

Over the last century the Persian question has been first of all an Anglo-Russian problem. Neither Britain nor Russia has willingly acquiesced in domination by the other of this strategically situated state whose weak political and social structure has long invited intervention. When they have acted in concert, Persia has usually had to pay both halves of the bargain. In 1941, as a necessary war measure against the Axis, British and Russian troops marched in. The disposition of these troops created a *de facto* partition of the country into a Russian zone in the north and a British zone in the south, with a twilight zone in the middle, on the model of the old agreement of 1907. In 1942 Great Britain and Russia agreed with Iran to respect its territorial integrity, sovereignty and independence, and to withdraw their troops six months after the end of the war. After the turn of the tide at Stalingrad, with Anglo-Soviet rivalry in the Middle East more and more evident, Iranians wondered whether these pledges would be carried out. The Russians established strict control in the province of Azerbaijan, in the north, reducing the authority of the central Iran government there to a shadow. If the Russians stayed on permanently, it was a fair assumption that the British would also remain.

By this time there was a third power in the picture, the United States, which had its own troops in Iran to organize the line of supply to Russia. The United States could claim to be relatively disinterested. It had no important business interests in Iran and had shown willingness on three occasions to help establish a system of sound public finance as a means of safeguarding

Iranian independence.⁹ The war, however, had shown the cardinal strategic importance of the whole Middle East and especially of Iran. It would clearly be of concern to America and to the world if Iran were allowed to become the scene of an unchecked struggle for power between Britain and the Soviet Union, perhaps to be partitioned between them in defiance of the principles of the United Nations. To what extent was the United States committed to support the British? Was it essential to the maintenance of our own world position to block Russian access to the Persian Gulf after the war, even though we were at the moment engaged in a herculean effort to keep open that very route? Our stated policy aimed at the withdrawal of all Allied troops when the emergency was over and the restoration of full sovereignty and independence to Iran. Those were formulas; they might not be adequate to deal with a contest for power.

Iran and the world were reassured when Roosevelt, Churchill and Stalin, meeting in the Iranian capital itself, issued the Declaration of December 2, 1943, in which they affirmed their "desire" for the maintenance of the independence and integrity of Iran. Soviet policy in Iran, however, was dynamic. Soviet troops were not there merely to sit out the war, but to consolidate and spread Soviet influence. Soviet support was given to the Tudeh (Mass) Party, which preached internal reform and cooperation with the Soviet Union. The Moscow press and radio, particularly after a Soviet request for oil concessions in northern Iran was refused in October 1944, attacked the Iranian Government as reactionary. Soviet authorities in Azerbaijan encouraged a left-wing movement which talked of autonomy for that province. These policies were effective not only because Iran was

⁹ A financial mission headed by Dr. A. C. Millspaugh, technically unconnected with the U.S. Government but established with the assistance of the State Department and regarded as in conformity with the general aims of our policy, was in Iran from 1943 to 1945 for this purpose. It was forced to withdraw in the face of opposition by political groups in Persia, including the pro-Soviet Tudeh party. On his return to the United States Dr. Millspaugh criticized the State Department and the U.S. Embassy in Teheran for failing to support him. See his letter to the *New York Times*, January 30, 1946, and his book, *Americans in Persia* (Washington, 1946).

close to the Soviet Union and necessarily subject to pressure from it, but also because its government was in fact corrupt and inefficient and had done little for the common people; and in Azerbaijan the majority of the people was non-Persian and had real grievances against the central government.

Whatever the ultimate objectives of the Soviet Government—to extend its direct control to the Persian Gulf, to establish a subservient government in Teheran, to annex Azerbaijan, to keep British influence permanently away from the vicinity of Russia's own frontiers, to protect the Baku oil fields, to flank recalcitrant Turkey, or merely to force the granting of an oil concession in northern Iran—the methods used and the measures taken were adapted to the pursuit of any and all of them. They led almost inevitably to the "revolt" which broke out in Azerbaijan in November 1945 and to a sharp dispute not only with Iran but also with Britain and the United States.

When the autonomist "Democratic" party began to take control in Azerbaijan, setting up a government which was in fact independent of Teheran though disclaiming separatism, the Soviet forces refused to let the Iranian Government send in troops. Britain protested to Moscow that this was a violation of the pledge not to intervene in the internal affairs of Iran. The State Department, in its notes to Great Britain and the Soviet Union, preferred to ignore the merits of the dispute at hand, the facts being none too clear, but did affirm the view that the Iranian Government should be allowed to send its troops and officials anywhere in the country to uphold law and order. The United States proposed that, as Iran could hardly be expected to solve its own problems while foreign troops remained in the country, all such troops be withdrawn by January 1, 1946 instead of March 2, the date previously agreed upon. In reply Molotov referred to a letter he had written to Bevin in September, in which he had confirmed his agreement to March 2, 1946 as the evacuation date and had asked the British Foreign Secretary "to bear in mind that the Soviet Government attaches exceptional importance to the strict fulfillment of obligations undertaken." The Iranian Government appealed to Great Britain and the

United States, citing Soviet support of the "rebels" in Azerbaijan, and at the same time sought a solution by direct negotiations with Moscow. These negotiations broke down, consequently the problem was still acute when the American, British and Soviet Foreign Ministers met in Moscow on December 16.

The Moscow Conference produced important agreements, but not on Iran, although it was discussed at length. Bevin pressed hard but without success for the creation of a three-power commission to investigate the situation and seek a solution. Apparently, the Kremlin felt that Soviet aims in Iran would be more certain of achievement if the lone hand were continued and a joint approach avoided. Molotov was unwilling to admit that there was any international problem at all; it was, he said, a matter of democratic elements in northern Iran asserting their rights against a reactionary regime; Soviet troops had maintained a hands-off attitude, but they could not permit the central government to send in armed forces, as that might lead to bloodshed and compel the Soviet Union to increase its forces there to preserve order. In the rush to complete the conference it was decided to admit the fact of no agreement and to say nothing about Iran in the official communiqué. Bevin told the press it would continue to be discussed through diplomatic channels. This was a confession of failure to solve the most urgent problem before the three Foreign Ministers. Because they did not solve it, the Iranian Government chose to put its case squarely before the United Nations and let the new diplomacy undertake a task in which the old had failed.

There were grave doubts concerning the wisdom of the move. The British, not anxious for a public airing of their own policy in Iran, tried to dissuade the Iranians. But the Iranian Premier, who had waited in vain for an opportunity to plead his case in Moscow, was determined to bring it before the bar of the United Nations. Once he had made that decision, the United States and Great Britain were prepared to defend his right to be heard. By undertaking more than it could handle, the Security Council might lose prestige. But it would lose even more prestige if it refused the request of a small power to present its case

against a large one. Thus the Iranian case was before the Council when it met for the first time in January 1946. Annoyed at the Iranian initiative, the Soviets, as a counter-move, introduced formal charges against Great Britain on Greece and Indonesia.

This double-barreled attack provoked the plain-speaking British Foreign Secretary into taking the offensive in which his blunt and undiplomatic talk, in full public view, seemed at first shocking but then refreshing to many who were discouraged at the disintegration of the great wartime coalition behind a front of diplomatic verbiage which kept up the appearance of good relations and of unity but avoided the central problem, the adjustment of relations between east and west. Perhaps this was just the new United Nations type of diplomacy by public debate and was needed to clear the air. The British people liked it. At this time Soviet propaganda organs were violently attacking Great Britain and the Empire, and the average Britisher felt it was about time that someone talked back.

The Soviet Government also had chosen its representative well, for the brilliant Vyshinsky was never at a loss for words, either in blatant propaganda speeches and name-calling or in swift and incisive argument. Arguing that the Iranian complaint was unfounded, Vyshinsky wanted the Council to refuse to discuss it. On that point he lost. In debating the substance of the case he categorically denied that the Soviet Union had interfered in Iranian affairs, but admitted that Soviet troops had refused to allow Iranian reinforcements to enter Azerbaijan to repress the revolt. Bevin said that was clearly intervention. What Great Britain and the United States really wanted, however, was not a showdown with Russia but a formula which would get rid of the question for the moment without loss of face by the United Nations. News from Iran, where the cabinet resigned on January 21, indicated that events might soon take the matter out of the hands of the Security Council. Ahmad Ghavam es Saltaneh, who was known to favor compromise with Russia, headed a new government formed on January 26. While keeping the Iranian appeal before the Council, he proposed to enter into direct negotiations with Moscow. A resolution was

finally adopted on January 30 to the effect that both parties, having affirmed their readiness to seek a solution by negotiation, should inform the Council of any results achieved in such negotiations; the Council meanwhile retained the right to request information on their progress.

5. Soviet Charges against Britain: Greece and Indonesia

On the Greek and Indonesian questions Bevin insisted on something more than face-saving formulas. He regarded the Soviet charges as pure propaganda intended to discredit Britain and to confuse the situation created by the Iranian complaint. He wanted a vote which would clear his government's conduct in the eyes of world opinion. British policy in Greece, inherited from Winston Churchill but carried on by the Labor Government without change, had been widely criticized, nowhere so strongly as within Bevin's own party. Whatever the motives of the British, it was true that British troops had taken part, at the end of 1944, in a civil war and that their presence had allowed the rightest elements, including many who had collaborated with the Germans, to consolidate their position at the expense of the EAM.¹⁰ The troops were still there. No generally acceptable national government had been formed. And little was done to check the lawlessness of right-wing organizations, which matched the deeds perpetrated by the EAM. In the north, Communist activity, coordinated with propaganda from Belgrade and Sofia, carried the threat of border incidents and raised dangerous territorial issues.

Vyshinsky had a good many facts to cite concerning the unsatisfactory state of affairs in Greece from the point of view of democracy, although the same story could have been told about the other Balkan states, where the shoe was on the other foot. As a means of clarifying the situation in Greece itself, the Bevin-Vyshinsky debate proved nothing. The former called the EAM a Communist minority trying to seize power. Vyshinsky referred to it as identical with the Greek people; the govern-

¹⁰ See above, pp. 59-60.

ment, in his view, was in the hands of fascists and former collaborators. What was apparent to all was that Greece was the missing link in the Soviet-dominated Balkans, and that the Soviet campaign against the Greek Government and against British policy was part of a struggle the stakes of which were control of the eastern Mediterranean. The Soviets had raised the Greek question at Potsdam, at the London meeting of the Council of Foreign Ministers in September 1945, and again at Moscow in December, often to counter British and American complaints about Bulgaria and Rumania but also to keep up the pressure on the Athens regime. Only British support, armed support, kept the government in power, according to the Soviet reasoning.

As in the Iranian case, the Security Council could not be expected to find a solution to this basic conflict. The Soviet Delegation had asked that the Council take measures to put an end to the existing situation which endangered peace and security. Vyshinsky insisted on the speedy and unconditional withdrawal of British troops. But since the members of the Council were well aware of the background of the problem, there was little chance that they would vote to censure or to take disciplinary action against Great Britain. The Greek representative, who was invited to appear, said that British troops were in Greece at his government's request. Where then was the threat to the peace? Was Greece intending to attack Soviet-occupied Bulgaria or heavily-armed Yugoslavia? Bevin not only repeated those questions; he launched into a bitter attack on the Soviets. He said the danger to the peace of the world was not British action in Greece but "the incessant propaganda from Moscow and the utilization of the Communist parties in every country in the world as a means to attack the British people and the British Government."

Edward R. Stettinius of the United States, silent during this long and bitter exchange, finally proposed that the Security Council drop the matter altogether, thus implicitly supporting the British view that the presence of British troops in Greece did not constitute a threat to international peace and security. As

no other member of the Council felt that the Russians had proved their case, the final decision was merely to take note of the views expressed by the various members and to consider the matter closed. Both Soviet and British delegations could accept it because it said nothing. Bevin expressed gratification that this "unhappy incident" in Anglo-Soviet relations had been brought to a close. He felt that he had won his "clean bill." For the United Nations it was a victory and an occasion for relief, not because anyone thought the "incident" was really closed but because the two main protagonists were ready to stop talking about it in the Security Council and go on to something else.

In the debate on Indonesia Bevin again had to defend a position which, in the opinion of a section of the British press cited at length by the Soviet delegates, did not bear too close scrutiny. Upon surrender of Japan in August 1945, British forces had gone to Java to accept the surrender of Japanese forces there and to liberate prisoners of war and internees. Through a combination of unfortunate incidents and blunders the British troops found themselves engaged in hostilities with Indonesian nationalists, who had taken control of Java and suspected the British of coming only for the purpose of restoring Dutch rule and the pre-war colonial system. To make a bad matter worse, Japanese troops were pressed into service by the British authorities to help "keep order." This situation was made to order for the Soviet propaganda line on behalf of "colonial peoples." Here, before the enemy in the Far East had even been disarmed, Allied forces were engaging in acts of war, with the assistance of Japanese troops, on Allied territory and were using bombers and tanks against the local inhabitants. Bevin had a logical explanation. British troops were in Java on the orders of the Supreme Allied Command and with the agreement of the sovereign power, the Netherlands. It so happened, he said, that some Nazi-minded native leaders, indoctrinated and armed by the Japanese, were making trouble. They had attacked the British troops, who naturally defended themselves. Responsible Indonesian leaders, he understood, were ready to cease hostilities and to negotiate with the Netherlands on the future constitu-

tional status of Indonesia. The British Government hoped those negotiations would be successful and had sent one of its best diplomats, Sir Archibald Clark-Kerr, to Batavia to assist in bringing about an agreement. How could it be claimed, Bevin asked, that Britain was threatening international peace and security? Who was being threatened?

The Soviet case was presented by Dimitri Manuilsky, an old Communist Party leader now speaking as representative of the Ukraine. The original Ukrainian letter to the Security Council invoking Article 34 of the Charter had asked the Council to carry out the necessary investigations and take the measures provided in the Charter to put an end to a situation which threatened international peace and security. In his oral presentation Manuilsky did not demand the withdrawal of British troops but asked the Council to name a commission to go to Indonesia to ascertain the facts of the case. Without denying the fact of Dutch sovereignty over Indonesia, he and Vyshinsky referred to the Indonesians as a nation which unfortunately could not defend its rights before the Security Council. They asked why, if it was a purely internal question, as Bevin maintained, a British diplomat had been sent to take part in the negotiations.

There was some justification for the Soviet viewpoint, since the sovereign power did not in fact control the islands and could not assert its sovereignty without help from outside. The events in Indonesia and in Indo-China after the Japanese surrender had illustrated some of the difficulties of restoring European rule over the colonial areas occupied during the war by the Japanese. Undoubtedly the first acts of violence were the work of extremists, but impartial observers were not convinced that opposition to the British and Dutch in Java was the work of a few Japanese-trained, fascist-minded youths. Vyshinsky was not slow to point out the implications of the admission by Eelco Van Kleffens, Netherlands representative on the Council, that the British troops were faced by an Indonesian army of eighty thousand.

There was some sympathy among members of the Council for

the idea of sending out a commission. Even Van Kleffens was ready to agree to it if the British did. Bevin, however, took particular pleasure in opposing the project; the Soviet Government had recently turned down a number of British and American proposals for commissions and joint action in Eastern Europe on the grounds that it would represent intervention in the internal affairs of those countries. Ultimately the Council rejected the proposal for a commission, but not without misgivings on the part of some that the decision might be an unfortunate precedent. They felt that if the United Nations was to be effective in solving disputes in the future, it must be able to ascertain the facts for itself without being deterred by charges that such action would impugn the good faith and honor of powers having special responsibilities or influence in the area in question.

On February 10, while the debate in the Council was going on, the Netherlands Government announced that it was prepared to give the peoples of Indonesia the right to determine their political destiny within the framework of the Kingdom of the Netherlands. Bevin's obvious sincerity and the attitude of the Dutch, plus the fact that in Java itself the problem had passed the acute stage, paved the way for the final decision of the Council, which was to do nothing. When a vote was taken on the Ukrainian resolution, only the Soviet Union and Poland voted for it.¹¹ An Egyptian resolution, limiting the action of the British troops to specific tasks, providing for withdrawal on their completion, and stating the Council's right to be informed of the results of the Dutch-Indonesian negotiations and to take action later, likewise gained only two votes, those of Egypt and Poland.

6. The Near and Middle East

On the remaining controversial issue before the Security Council, Bevin found himself again in the dock, but in this case the principal defendant was Georges Bidault of France. Syria

¹¹ Mexico, in voting for a Soviet amendment to the resolution proposed by the Egyptian Delegation, also expressed itself in favor of a commission.

and Lebanon, full-fledged members of the United Nations, asked to be relieved of the presence of French and British troops. Previously under French mandate, these two nations had been promised and granted independence, but the French, unreconciled to the loss of their position in the Near East, were still concerned about their strategic, economic and cultural interests, and above all they were touchy on the subject of prestige. They had kept troops in Syria and Lebanon until these matters should be settled. The presence of the troops had caused friction with the local governments and population, leading to violence in May 1945 followed by British armed intervention to restore order. Then France and Britain had agreed in December 1945, without consulting the Syrian and Lebanese Governments, that "the program of evacuation will be drawn up in such a way that it will ensure the maintenance in the Levant of sufficient forces to guarantee security, until such time as the United Nations Organization has decided on the organization of collective security in this zone."¹²

These self-appointed guardians of security may well have been more concerned about possible Soviet action or penetration in the eastern Mediterranean area than about the local situation. In any case troops were being maintained in Allied states without the consent of the governments of those states, a different situation from that of Greece and the Dutch East Indies. Vyshinsky promptly rushed to the support of Syria and Lebanon with strong arguments for immediate withdrawal of foreign troops, turning this question also into a phase of the stormy debate between the Soviet Union and Great Britain. There was no solid lineup against the Russians this time. While the most voluble supporter of the two Arab states was, not unnaturally, the Egyptian delegate, sympathy with their position was expressed all round the table.

Bevin said that the British were ready "to clear out" but that they had remained because of the desire of the Syrian Gov-

¹² "The Anglo-French Statement of Policy in the Levant," *Chronology of International Events and Documents* (London, Royal Institute of International Affairs), II, December 20, 1945-January 6, 1946, 30.

ernment that both French and British forces leave together. Bidault, definitely on the defensive, referred to French responsibilities under the mandate and French special interests in this area. He said France was willing to negotiate a withdrawal of troops, and that therefore there was no dispute; he asked that the Security Council place its confidence in France to reach a satisfactory solution together with the other governments concerned. The elements for a solution were present. It remained for the Security Council only to frame a resolution which would give satisfaction to the two Arab states without offending Great Britain and France.

A draft was put forward by Stettinius to the effect that the Council "expresses its confidence that the foreign troops in Syria and the Lebanon will be withdrawn as soon as practicable and that negotiations to that end will be undertaken by the parties without delay." Egypt and Mexico proposed stronger language, intended to state clearly the obligation to withdraw and to take into account the fear of the Syrian and Lebanese representatives that the negotiations concerning withdrawal would be used as a lever to extort concessions or special privileges. Their proposals were rejected. Vyshinsky proposed some amendments to the U.S. resolution, covering these same points, which were also voted down. The Council then voted on the resolution, Britain and France, as parties directly involved, abstaining. When seven votes were cast in its favor, the Chairman declared it carried. At this point Vyshinsky pointed out that he had not voted for it, since his amendments had been rejected, and that to be carried the proposal had to have the affirmative votes of the permanent members. Thus the Soviet Government had, for the first time, exercised the veto, and on a matter not of vital importance to the Soviet Union. There was no question of its right to do so under the Charter. The resolution was declared not carried. However, in this novel situation, Bevin stated that Great Britain would nonetheless "operate the majority decision as expressed in the vote." Bidault made a similar statement.

In the background of the Security Council's discussion were

the unsettled problems of the Near and Middle East. For over a century Great Britain had striven to maintain a dominant position in this region, so vital for the protection of the routes to India and the Far East. Through a combination of protectorates, mandates, special treaty arrangements, and friendly kings, sheiks and sultans, the British had built up a sphere of influence which reached its high point at the close of the first World War. Since then it had been under constant attack, threatened both by rival powers and by the nationalism of the peoples who lived there. During the war the British held Egypt against the Axis assault and were able to use the entire Middle East as a base of military operations. Their position at the end of the war appeared on the surface to be stronger than ever. Germany and Italy, having done their best to undermine the British in the Arab world, were out of the picture. France, the principal pre-war rival, no longer had any real influence outside the cultural field. The British seemed the obvious heirs to France's lost position in Syria and Lebanon.

There remained Britain's two allies, the Soviet Union and the United States. The former could make its influence felt through propaganda and through its mere existence as a great power, strong, dynamic, and uncomfortably near, but it was separated from the Arab countries by the barrier of Turkey and Iran. None could say how long that barrier would hold. Whether it would be backed up by the United States, as well as by Britain, was a question the answer to which the peoples of the region, the British, and the Russians all would have liked to know. The United States had been active throughout the Middle East in organizing the routes and supply centers necessary to winning the war. Many influential Americans, including President Roosevelt, became aware of the tremendous strategic and economic importance of the region for our future world position. The large American oil concessions in Saudi Arabia were more than a private business venture; they were of prime interest to the United States Government as a supplement to our own depleted reserves. In 1944 certain government agencies went so far as to plan construction of a pipe-line from those

fields to the Mediterranean. Although abortive, this project revealed how direct was the American concern with questions of oil and of strategy in the Near and Middle East. The United States continued, however, to concede primary responsibility to the British, recognizing, at least tacitly, that it was their sphere of influence, not ours.

Despite its position of leadership, Britain was on the defensive and had to adapt its policy to new circumstances. It no longer had the power or the will to maintain domination over the Arab peoples. Even during the war the British Government had adopted a policy of conciliating and guiding Arab nationalism instead of trying to repress it. In encouraging the Arab League it attempted a cooperative approach as a basis for British control over key points on the Red Sea and the Persian Gulf. The Labor Government, willing to liquidate positions that could not be held, carried this policy further. In January 1946 it agreed to an Egyptian request to review the Anglo-Egyptian Treaty of 1936 and was ready to negotiate for the withdrawal of British troops from that country.

Under these circumstances the United States, so far as it had a defined policy, pursued a line roughly parallel to Britain's. We had favored independence for the Arab peoples; we did not mind if that independence was restricted by a diminishing element of British tutelage in some countries. Anything which would give the area greater internal strength and cohesion as protection against Soviet penetration was regarded as desirable. Without being willing to assume much responsibility, we were ready to talk over with the British and French possible solutions to pressing problems in Syria and Palestine. We wished to develop the Middle East's resources and to increase our trade in friendly competition with Great Britain, loosening if we could the ties of the sterling bloc. Some called it a policy of "underwriting the British Empire." But that empire was itself in the process of drastic change and partial liquidation. There were signs that, by force of events, American policy might be developed along the more imaginative lines suggested by Dean Landis as "a substitute for empire under the superstructure of

San Francisco.”¹³ The result would be about the same. Both the United States and Great Britain favored the organization of the Near and Middle East within the “western” political and economic orbit, without denying independence to its peoples. They wished to strengthen its weak spots and particularly to hold up Soviet expansion on its northern rim, in Turkey and Iran.

7. Balance Sheet of the London Meeting

The London session of the Security Council had centered on the series of acid controversies between the British and the Russians, highlighted by Bevin’s robust defense of British policy. No one questioned his sincerity, though some critics deplored his tactics, which seemed directed more toward winning applause at home than toward establishing the basis of a better understanding with Russia or making the Security Council an effective body for the settlement of disputes. His duel with Vyshinsky was significant more for the manner in which it was conducted than for its content.

The Council itself, always extremely cautious, did not censure any power for anything. In the course of dealing with these issues it evolved a method whereby a long and frank debate in each case was followed by a search for a method of turning the question back to the states concerned for further negotiations, of which the Council would be kept informed. This was not a very bold approach, but the Charter specifically provided that other means of settlement should be exhausted before the Council took action on any dispute; the debates probably did increase the chances of settlement by such means. The delegates knew full well that the new organization was not equipped to settle the disputes brought before it at this session.

The United States played an unspectacular role at London. In the Security Council Stettinius was ready, at the end of each debate, with a formula intended to get rid of the question with the least offense to all concerned. He avoided openly taking

¹³ James M. Landis, “Middle East Challenge,” *Fortune*, XXXII, September, 1945, 161 ff.

sides and made no general declarations of American policy except one statement to the effect that "the general policy of the United States was to support and encourage the rapid withdrawal of foreign troops from the territory of any member of the United Nations occupied during the war, if the Government of the Member State desires their departure."¹⁴ This mention of the consent of the state concerned, covering its own position in China, Brazil and elsewhere, also enabled the United States to give unobtrusive but effective support to the British position on Greece and Indonesia. Stettinius' role of silent partner may have given the impression that the United States approved everything the British had done in those two areas, which certainly was not the case. Apparently it was thought wiser not to add to Britain's troubles by seeming to endorse the Soviet charges, partly because British troops were there as a result of joint military decisions in which we had shared, and partly because the raising of these questions by the Russians was an obvious manoeuvre to discredit both Britain and the United States and to counter their opposition to Soviet penetration in Iran and in eastern Europe.

In the General Assembly and its Committees the U.S. Delegation, which was composed of distinguished representatives but did not always function smoothly or effectively, had few opportunities to assert leadership.¹⁵ Most delegations, indeed, saw that there was something to be gained by treading softly. They were conscious of the fragility of the organization created at San Francisco and also of its capital importance as possibly the only hope of mankind against war and chaos. Prime Minister Attlee said simply and directly, in his speech of welcome, that "the United Nations Organization must become the over-riding factor in foreign policy" and must establish throughout the world the rule of law.¹⁶ Could that goal be attained in the near

¹⁴ *Journal of the Security Council*, No. 16, March 1, 1946, 291.

¹⁵ The following were the members of the U.S. Delegation: Secretary Byrnes, Edward R. Stettinius, Senator Tom Connally, Senator Arthur H. Vandenberg and Mrs. Franklin D. Roosevelt. The alternate representatives were John Foster Dulles, Frank Walker, John G. Townsend, Jr., Representative Sol Bloom and Representative Charles A. Eaton.

¹⁶ *Journal of the General Assembly*, No. 2, January 11, 1946, 24.

future or under the Charter as it stood? Secretary Byrnes set forth the American view that the United Nations must become an organic, developing series of institutions adaptable to the changing needs of a changing world. If it came to be a reality in the minds and hearts of men, devoted to the development of peace and human well-being, whatever defects there might be in the Charter would not be beyond practical remedy.¹⁷ The task of the London session, as the United States saw it, was the preliminary job of organization, so that the United Nations would at least be started on the long and difficult road ahead. That task it did accomplish.

8. The Security Council in New York: Iran Again

The direct negotiations between Iran and the U.S.S.R., undertaken in accordance with the Security Council's resolution of January 30, proceeded to the satisfaction of neither party. The Soviets made three principal demands: (1) the maintenance of Soviet troops in certain parts of Iran for an indefinite period; (2) the recognition by Iran of the autonomous regime set up in Azerbaijan; (3) the establishment of a joint Soviet-Iranian company to exploit oil resources in the northern part of the country. Premier Ghavam held out on all three points, waiting for March 2, the date on which the Soviet Union was by treaty obliged to withdraw its troops. The last American troops had left the country in January, the British before the first of March. On the latter date, while negotiations with Ghavam were proceeding in Moscow, the Soviet radio announced to the world that some Soviet forces would be kept in Iran "until the situation had been elucidated." March 2 passed and the Soviet troops remained.

This was a clear violation of the Anglo-Soviet-Iranian treaty of 1942 and of the pledges which Molotov had given to Bevin in September 1945 and to Byrnes in November. It drew from London and Washington protests and requests for an explanation. They remained unanswered. If the move was intended to

¹⁷ *Ibid.*, No. 5, January 15, 1946, 104.

force Ghavam's acceptance of Soviet demands, it failed; he returned immediately to Teheran without an agreement. Anglo-Russian tension, heightened by Churchill's anti-Soviet speech at Fulton, Mo., and Stalin's intemperate reply, rose dangerously as days went by with no reply to the British note, days during which a stream of reports told of Soviet troop concentrations and movements toward central Iran.

The new crisis was taken seriously in Washington. It was not merely that the open violation of a treaty was deplored. The Soviet Government seemed to be intent on imposing its will on a weak neighbor regardless of the consequences. The menace to Iranian sovereignty and the indirect threat to Turkey, which had become a favorite target of Soviet propaganda, were ominous. Byrnes's policy of conciliation, represented by the Moscow agreements of December 1945, had not checked but seemed instead to have encouraged Soviet expansion. A clear warning that the United States would not stand idly by in the event of an attempt to destroy the integrity or independence of Iran and Turkey might be necessary. Even more alarming, in American eyes, was the challenge to the United Nations. A series of speeches by Byrnes, Vandenberg, Connally and John Foster Dulles, all of whom had just had a first-hand view of Soviet tactics at London, foreshadowed a definite change of policy in the direction of firmness.¹⁸

Secretary Byrnes chose to appeal to law, to the United Nations Charter, rather than to try again to deal directly with the Soviet Government. He took the position that the question must come before the Security Council, scheduled to meet in New York later in the month, and must be given a decision. If Iran was too timid to bring forward its own complaint, the United States would itself appeal to the Security Council to consider the situation. The Iranian crisis had dramatized to small nations everywhere the problem of their own security as members of the United Nations. If the states which had the

¹⁸ Speeches of Vandenberg (*Congressional Record*, 79th Congress, 2nd Session [Daily edition], Feb. 27, 1946, 1726-1729), Connally (*ibid.*, Mar. 12, 1946, 2178-2181), Byrnes (*New York Times*, Mar. 1, 17, 1946), and Dulles (*ibid.*, Mar. 2, 1946).

power did nothing to defend the principles to which they were pledged under the Charter, the whole substance of the United Nations would dissolve. Byrnes and his advisers believed the issue to be crystal clear, which had not been the case when the Iranian problem was before the Security Council in January.

On March 18 the Iranian Government placed a formal appeal before the Security Council concerning its "dispute" with the U.S.S.R., alleging violation of the treaty of 1942, of the Declaration of Teheran, and of the Charter. Knowing that British and especially American opposition would be very firm, the Russians had tried hard to prevent Ghavam from taking that step. Once he had taken it, the Soviet Government did everything it could to put off the meeting of the Security Council from March 25 to April 10, hoping in the meantime to bring about a change of heart, or perhaps a change of government, in Teheran. A direct agreement giving Russia what it wanted would leave the Security Council nothing to discuss. President Truman made a point of stating bluntly, at a press conference, that the United States did not favor postponement. He coupled his remark with a statement that he did not contemplate another Big Three meeting of Heads of Governments in the near future. It was time, he said, if there was to be peace in the world, for the United Nations to assume responsibility for questions formerly discussed in Big Three meetings.

On the eve of the opening of the Security Council came an indication that the Soviet strategy was succeeding. Moscow radio announced that, according to an agreement made with the Iranian Government, Soviet troops would withdraw from Iran within six weeks "unless unforeseen circumstances arise." Ghavam, for his part, stated publicly that he was confident the troops would be withdrawn. But Iran's complaint was before the Council when it met on March 25, on schedule, in its new interim quarters at Hunter College in the Bronx. Before the subject of Iran was even broached, Byrnes took occasion to say that no nation had the right to take the law into its own hands; that this principle was embodied in the Charter, which the American people were firmly resolved to uphold. Governor

Dewey, in his speech of welcome, went out of his way to echo these sentiments, to show there was no difference between the two political parties on this question of principle.

The next day Soviet Delegate Andrei Gromyko, following the example of Vyshinsky at London, tried to keep the Iranian question off the agenda. The Council had decided in London, he said, that the parties should resume direct negotiations. They had done so. They were to keep the Council informed of the progress of the negotiations. He was now informing his colleagues that the negotiations had terminated in an agreement. Soviet troops, whose presence in Iran was the subject of the latter's complaint, would be withdrawn. Accordingly, the question had no place on the agenda. Gromyko was voted down, 7 to 2, only Lange of Poland voting with him. The others, knowing nothing of the terms of the alleged agreement, and still having before them the Iranian appeal, could not agree to wash their hands of it.

Gromyko then moved the postponement of the subject until April 10. He cited a statement of the Iranian Prime Minister, made on March 23, indicating consent to adjournment of the discussion in the Security Council. The Iranian representative, meanwhile, was seated in the Council room, though not at the table, ready to state the opposite as the view of his government. Unless the question were postponed, Gromyko concluded, his delegation could not take part in discussion of it. Byrnes insisted that no such decision could be taken until the representative of Iran had been heard by the Council. A state with a grievance must at least be allowed to state its case; to decide otherwise would violate the spirit of the Charter. In the American view, this issue was vital to the future of the United Nations. Gromyko, unable to stave off a vote, saw his motion defeated, again by seven votes to two. Pointing out that under the circumstances he could not remain, he gathered up his papers and walked slowly from the room, followed by his delegation.

The other members of the Council made a pretense of carrying on as if nothing out of the ordinary had happened. They proceeded to invite Hussein Ala of Iran to present his case.

They listened intently to his statement that he knew of no agreement between Iran and the U.S.S.R., secret or otherwise, with respect to the matters involved in the dispute before the Council. All the time they were weighing the meaning of Gromyko's action. It might be just a tactical move. It might, on the other hand, herald the withdrawal of the Soviet Union from the United Nations and the irretrievable division of the world into two blocs. Of one thing most observers were convinced: the Russians would cooperate with the rest of the world only on their own terms. Within a short time after the meeting it was known that the Soviet Union was not leaving the United Nations. Soviet representatives continued to appear for committee meetings dealing with subjects other than Iran. What Gromyko had done was to attempt to exercise the veto power on a procedural question, not possible under the Charter, by the new method of boycotting sessions.

The other members of the Security Council, except Poland, felt that they had met the challenge squarely by going ahead with the case. To devise a method of carrying on, they held a series of private meetings, from which Gromyko, though invited, stayed away. At these meetings the idea was brought forward that the Council should request reports on the Soviet-Iranian negotiations directly from Stalin and from Ghavam. If it were true that an agreement had been freely negotiated, and that Soviet troops were leaving Iran unconditionally, it would be a pity not to seek a means of healing the rift in the Security Council, which could hardly function effectively in the absence of one of its permanent members. While favoring this idea, Byrnes was determined not to submit to anything that looked like blackmail or to retreat from the stand he had taken. On his proposal the Council, meeting formally without the Russians, then applied directly to the Soviet and Iranian governments for information, requesting an answer by April 3.

Stalin, it appeared, did not want to break permanently with the western powers over Iran but did want to gain his ends as the price for withdrawing his troops. Iran's attempt to use the Security Council as a means of evading demands had pro-

voked Soviet displeasure. More heat was turned on in Teheran. Ghavam listened daily to the Soviet demands, now limited to autonomy for Azerbaijan and the establishment of the joint oil company. He reported daily to the American and British ambassadors. The United States encouraged him to hold firm on the evacuation question and on that of Iranian sovereignty, but did not feel that it could offer any support on resisting the demand for the oil company. Both the Russians and the Iranians saw that the western powers probably would be satisfied with a Soviet assurance that the troops would be withdrawn unconditionally. This was the same point, with reverse English, which Vyshinsky had argued in London in the case of the French troops in the Levant. If he were sure of satisfaction on the other points, Stalin could afford to give a pledge of unconditional withdrawal. The Council could hardly object if the other questions were settled by a direct Soviet-Iranian agreement. Although it was something of a fiction to maintain that the settlement of those questions had no relation to that of the Soviet troops, it was a fiction which would save the prestige of the United Nations and still bring the Russians back to the Council table.

Before the deadline for the reply to the Security Council arrived, the Soviets had got what they wanted in Iran, consolidation of the autonomous regime in Azerbaijan and an agreement on the proposed oil company.¹⁹ The Soviet reply to the Security Council's communication was duly submitted on the morning of April 3, two hours before the deadline. It said, as Gromyko had said before, that Russia had agreed with Iran on March 24 to withdraw its troops within six weeks; and that this matter was unconnected with other questions under negotia-

¹⁹ The communiqué announcing "complete agreement on all questions" at the conclusion of negotiations on April 4 was published on April 5 (text in *New York Times*, April 6, 1946). On Azerbaijan, the announcement said merely that it was an internal affair to be settled by peaceful arrangements between the Iranian Government and the people of Azerbaijan. The actual terms of these "arrangements," apparently approved by the Soviet Government, were set down in an agreement of June 13, 1946, by which Azerbaijan was to remain an integral part of Iran but with a measure of self-rule which would enable the pro-Soviet Democratic Party to retain effective control of the province.

tion. The Security Council received the reply with sighs of relief. The next day the U.S. Delegation proposed a resolution taking note of the Soviet assurance that the troops would be withdrawn unconditionally, and deferring further proceedings on the Iranian appeal until May 6, at which time the Soviet and Iranian governments should report whether the withdrawal had been completed. Amid mutual congratulations and good will this resolution passed without a dissenting vote. Australia abstained, holding, with some reason, that the facts were not clear and that the Security Council had not met the challenge to its authority. Gromyko, who had not been present, denounced the resolution as contrary to the Charter, claiming that the question should have been wiped off the agenda for good and all. But at the next meeting he was again in his seat.

The U.S. Secretary of State emerged from the crisis with increased stature and prestige. He had not been content merely to find a formula. True, he ended up with one which did not help the situation of Iran very much. The Soviet Government had been able to achieve an agreement favorable to itself by the expedient of leaving its troops there after March 2, in violation of a treaty. In Azerbaijan, although the two governments declared its status to be an internal affair of Iran, the authority of the "Democratic" government had been consolidated, all effective control from Teheran eliminated. The U.S.S.R. had gained a hold on the economy of a wide area of northern Iran extending beyond Azerbaijan; a long step had been taken toward permanent exclusion of other foreign interests from this area, a prime Soviet aim.²⁰ Nevertheless, the Security Council had not come off badly. Under Byrnes's leadership it had insisted on the right of a member of the United Nations to state its case. It had refused to postpone discussion even when one of the permanent members boycotted the debate. Before the meetings opened the Soviet Delegation had made some proposals which would have extended the veto power of the five permanent members to

²⁰ The oil agreement was subject to confirmation by the Iranian parliament, which was dissolved at this time. Elections for a new parliament were not held until January 1947. By that time the Soviet-sponsored regime in Azerbaijan had collapsed, and confirmation of the oil agreement was by no means certain.

decisions on whether a given matter was one of substance or of procedure, or was a "situation" or a "dispute." Such rules would have enabled the Soviet Union to prevent discussion on the Iranian or any other question. The course of the proceedings on Iran's appeal represented a complete defeat for that view.

In his stand Byrnes had strong support from American public opinion, which knew and cared little about Iran but did care about the United Nations. The government was only beginning to impress on the public the importance of the Middle East. President Truman, in his Army Day address of April 6, referred to the possibility that "the Near and Middle East might become an area of intense rivalry between outside powers," a rivalry that could erupt suddenly into conflict. No country, great or small, he said, had legitimate interests there which could not be reconciled with the interests of other nations through the United Nations. "The United Nations have a right to insist that the sovereignty and integrity of the countries of the Near and Middle East must not be threatened by coercion or penetration."

The problem of Soviet penetration in Iran remained, unfortunately, far from solved. The Teheran government was gravitating, under pressure which the United States and Great Britain could not match, into the Soviet sphere. After the passage of the Security Council's resolution of April 4, Iran joined the Soviet Government in asking the Security Council to remove the whole question from its agenda, thus putting the United States and others who wanted to keep it there in the position of being more royalist than the king. After May 6, when the Iranian representative told the Council that Iran had no way of telling whether the Soviet troops had gone, since it did not exercise authority in the province of Azerbaijan owing to continued Soviet interference, his own government rebuked him and forbade him to appear before the Council. That body, with Stettinius now assuming the leadership, voted several times to keep the Iranian question on its agenda, disregarding Gromyko's boycott and the Soviet and Iranian requests that the whole matter be dropped, and overruling Secretary General Lie's opinion that the Council was without jurisdiction following the withdrawal

of the Iranian appeal. Most of its members were thoroughly annoyed with the Soviet tactics. A speech made by Gromyko in Madison Square Garden on May 29 before the National Council of American-Soviet Friendship, in which he bewailed "a tendency on the part of certain countries to play a dominating role in the United Nations" did not help the situation. In a matter in which the Soviet Union had seemed to be so palpably in the wrong from the very beginning, the smaller powers on the Security Council, with the exception of Poland, resented the charge that their position was the result of domination by the United States and Great Britain.

By the latter part of May it was generally known that the Soviet troops had left Iran. However, the Soviet Government stubbornly refused to notify the Security Council to that effect. The Iranian Government, without authority to see for itself whether the Russians had evacuated Azerbaijan, could not verify it. The Council, not prepared to take the risks involved in sending a commission to see for itself what had happened, sat and waited. On May 21 the Iranian Government finally reported that "no trace whatever" of Soviet troops remained in Iran, including Azerbaijan. Two days later Moscow radio announced the evacuation had been completed on May 9. There remained the question of Azerbaijan. Supposedly it had been settled, but Hussein Ala told the Council, when he appeared before it on May 22, that it could not ignore the fact that that province, "an integral part of Iran," was not under the authority of the Iranian Government. The Council preferred to ignore it, at least for the time being. It passed a resolution adjourning discussion of the Iranian question "until a date in the near future." In the months which followed, no one chose to bring it up again.

CHAPTER FIVE

1. *A New Start—A New Deadlock*

THE Moscow decision on drafting the five peace treaties was taken without the participation of France and China, and at their expense.¹ Before accepting the "4-3-2 formula," French Foreign Minister Bidault asked for and received assurances on certain points: (1) that the Moscow agreement did not alter the previous understanding on preparation of the peace settlement with Germany; (2) that Allied states other than those charged with the preparation of the drafts would have a full opportunity to present their views; (3) that the enemy states would likewise be heard; (4) that a broad and thorough discussion of the drafts would take place at the peace conference, and that full consideration to its recommendations would be given in the final drafting of the treaties by the Council of Foreign Ministers. While the spotlight of world publicity played on the United Nations meetings at Church House, London, the four Deputies of the Council of Foreign Ministers met in closed session a short distance away, at Lancaster House, on January 18, 1946, to begin drafting the Italian peace treaty.²

It did not take long to discover that the differences which had separated the Foreign Ministers the previous September remained to be bridged, and that the Deputies did not have authority to make the concessions necessary to reach agreement. On reparation, the Italian colonies, the Dodecanese, the Soviet Deputy merely repeated, at great length, the same arguments Molotov had made in September. On matters on which agree-

¹ See above, pp. 63-64, 68-69, 72.

² The Deputies were James Clement Dunn (U.S.), Sir Ronald Campbell, later replaced by Gladwyn Jebb (U.K.), Fedor T. Gusev (U.S.S.R.), Maurice Couve de Murville (France).

ment in principle had been reached by the Ministers,—such as the military clauses, the Italian-Yugoslav frontier, the port of Trieste, the South Tyrol,—attempts to translate them into treaty clauses revealed the fact that actually there had been no agreement at all. The French Delegation added a new controversial question by putting in a demand, in addition to its small territorial claims, for an extensive demilitarized zone on the Italian side of the boundary.

The three key points of the Italian treaty were the frontier with Yugoslavia, the colonies, and reparation. The Americans and British argued for a study of Italy's capacity to pay reparation. Dunn submitted studies showing that, without outside assistance, Italy was unable to hand over anything other than surplus war factory equipment not readily convertible to civilian use, plus assets abroad and in ceded territories. Gusev insisted that the starting point of any study must be acceptance of the total figure of \$300,000,000, one-third of which should go to the Soviet Union; this was a mere fraction, he said, of the amount of damage wrought by the Italians on Soviet territory. The discussions never got beyond reiteration of those points of view. On the colonial question the Soviets pressed their demand for an individual trusteeship over Tripolitania. Since other powers would hold such trusteeships, the Soviet argument was not easy to combat, the real reasons for opposing the demand being left unsaid. In Africa, as in eastern Europe, possession was an overwhelming advantage. The colonies were held by the British, who did not intend to hand them over or to admit Russia to a share in their control under any guise. The U.S. Delegation held to its September proposal of United Nations trusteeships,³ each territory to be governed by an Administrator responsible to the Trusteeship Council and assisted by an Advisory Council representing the states directly concerned (U.S., U.K., U.S.S.R., France and Italy). This proposal aroused no enthusiasm in other delegations. The French believed the colonies should be turned back to Italy to administer under a trusteeship agreement.

³ Libya and Eritrea would become independent after ten years. No time limit would be set on the trusteeship for former Italian Somaliland.

France was most sensitive on the subject of independence for the Arab peoples of Libya because of the effect it would have on France's own North African territories.

The Yugoslav-Italian frontier, the focus of national hysteria on both sides and the crucial issue of the Italian treaty, provided the Deputies with their longest and warmest debates. The disputed province of Venezia Giulia, acquired by Italy after the first World War, was cut in two by the Morgan Line, a temporary military boundary dividing the zones of Anglo-American and Yugoslav occupation. The line had been established in June 1945 after the crisis brought on by Tito's seizure of Trieste and Istria as "redeemed" Yugoslav territory. The Yugoslavs had withdrawn from Trieste only after receiving what amounted to an ultimatum from Britain and the United States. Yugoslavia was not reconciled to the loss of Trieste, which it had held for forty memorable days. Nor was the interim settlement satisfactory to Italy, the Istrian peninsula, with its considerable Italian population, having been left in the Yugoslav zone of occupation. It would have been desirable to make a permanent boundary settlement as soon as possible, in order to relieve the tension. But the great powers did not find it easy to reach a settlement, for this boundary was no local problem; it was a sector of the frontier between the Soviet and western spheres of influence.

The Ministers had agreed in September 1945 that the frontier should be "in the main the ethnic line, leaving a minimum under alien rule," and that it should be determined after an investigation on the spot. The Deputies picked a commission of experts to visit the area, instructing them to recommend a line meeting the above description and taking into account local geographic and economic factors.⁴ After a week of wrangling over the particular districts which the commission would visit, the Russians wanting to exclude most of the Istrian Peninsula from the investigation on the ground that Yugoslavia was sure to get it anyway, the commissioners set out for Trieste, arriving on March 9. During four weeks they covered the territory from

⁴ Members of the Commission were Philip E. Mosely (U.S.), C. H. M. Waldock (U.K.), V. S. Gerashchenko (U.S.S.R.), Jean Wolf from (France).

Pola in the south to Tarvisio in the north, checking population statistics, interviewing local people, observing geographic features. They witnessed numerous demonstrations for both sides in the Allied zone of occupation. East of the Morgan Line, in a remarkable display of carefully organized unanimity, all demonstrations were for Tito and Yugoslavia. The four commissioners returned to London, "negotiated" an agreed factual report, and presented four separate recommendations. There could be no clearer demonstration that the question would not be settled on the basis of investigations and census statistics or of an ideal ethnic line but, if at all, on that of a bargain among the powers.

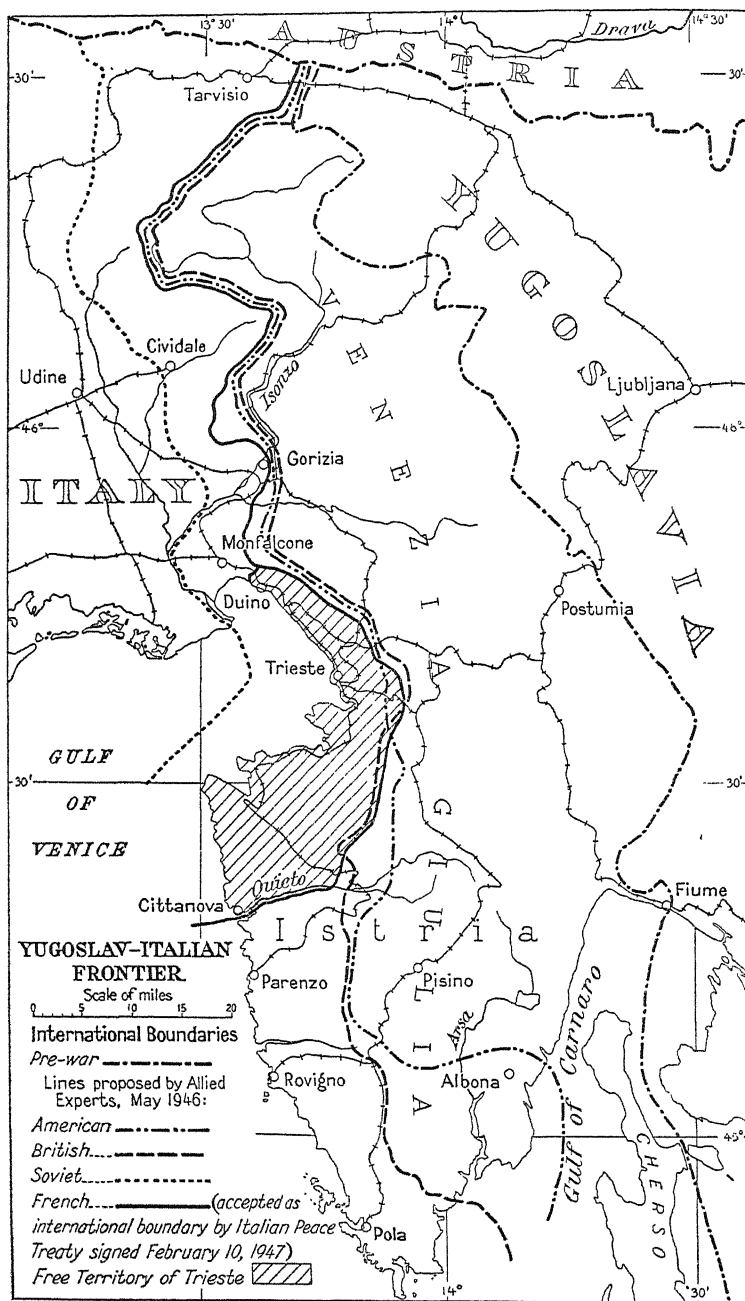
The line recommended by the Soviet expert ran almost as far to the west as the Yugoslav claim. It would have given to Yugoslavia the district of Tarvisio, the cities of Gorizia and Trieste, and the whole of Istria, as well as the so-called Slovene Venetia, which had been part of Italy since 1866. The American line left Tarvisio to Italy, followed the 1914 Austro-Italian boundary, then cut southeastward leaving to Italy Gorizia, Trieste, and western and southern Istria including the valuable Arsa coal mines. The British and French lines followed the American line in the north but were less generous to Italy in the south. The British line cut straight down through Istria, leaving Pola but not the Arsa mines on the Italian side. The French line curved to the southwest just beyond Trieste, reaching the sea at the mouth of the Quieto River (see map, p. 116). The American line would have left approximately 52,000 Italians in Yugoslavia and between three and four times as many Yugoslavs in Italy.⁵ The French line more nearly balanced the two minority groups, 130,000 Italians and 115,000 Yugoslavs. The Soviet line, far to the west, would have left 460,000 Italians in Yugo-

⁵ These figures, based on the 1910 Austrian census which the commission took as a basis for its work, include Fiume and Zara. The reliability of the 1921 Italian census and the 1945 census taken by the Yugoslavs in Zone B was questioned. By using A.M.G. (1945) figures for the communes containing the four major cities (Trieste, Gorizia, Monfalcone, Pola) one can obtain a more up-to-date picture of Zone A, indicating an increase in the Italian population by over 100,000 since 1910 in the area west of the American line.

slavia and no Yugoslavs in Italy. Only the Soviet expert recommended taking away from Italy the city of Trieste, 80 percent Italian in population.

The future prosperity of Trieste would depend not on whether it was under Yugoslav or Italian sovereignty but on whether it could serve its natural economic hinterland, central Europe. The Foreign Ministers had decided, in September 1945, that the port of Trieste should be an international free port. However, when the American and British Deputies tried to proceed with drawing up the terms of the free port regime, the Russians dragged their heels. The vital question, they said, was the disposition of Trieste; once that was settled (in Yugoslavia's favor), there would be no difficulty about setting up the free port. Progress on the economic clauses of the Italian treaty suffered from the same tactics. The Soviet Delegation would have preferred to eliminate practically all the proposed clauses on commercial relations, restitution of loot, restoration of Allied property, and the like. It was not prepared to discuss them seriously unless the other powers showed a more understanding attitude toward the Soviet claim to reparation.

Early in March, with the French Deputy's chair conspicuously empty, the Soviet Delegation introduced draft treaties for Rumania, Bulgaria and Hungary. These were the sketchiest of documents, briefer even than the armistice agreements. They contained no mention of frontiers, with the one exception of the restoration of northern Transylvania to Rumania. The reparation and restitution clauses repeated those of the armistice terms and of subsequent agreements made directly between the ex-enemy states and the Soviet Union. There were no economic provisions protecting the interests of other United Nations beyond a general obligation, as in the armistices, to restore their property. The military clauses stated only the general principle of limitation agreed on in September, that is, no limitation at all. The Soviet draft treaty for Finland, on the same pattern, was handed to the British Delegation, to be taken up in *tête-à-tête* meetings from which both French and Americans would be absent.



Despite the dim view of the Balkan drafts taken by the British and American Deputies, agreement was reached on most of the political clauses. Except on Transylvania there was no real controversy over territorial questions. It was agreed to hold over, until the interested parties could be heard, the Greek claim to a part of southern Bulgaria and the Czechoslovak claim to a small area on the Hungarian side of the Danube. The armistice had promised Rumania "Transylvania or the greater part thereof, subject to confirmation at the peace settlement." The United States had favored a compromise solution which would permit the return of the solidly Hungarian-populated border districts to Hungary, but the Soviets stood absolutely firm against a change. Stalin had "presented" northern Transylvania to the new Groza regime, with great fanfare, in March 1945. Rumania had played its part well as a Soviet satellite; Hungary had been more recalcitrant; it was therefore proper, in the Soviet view, that the peace treaties should confirm Rumania's title to Transylvania. The British supported the Soviet position, leaving the United States the lone defender of the principle of self-determination. Since the case for revision of the prewar boundary, itself the product of careful study and balancing of ethnic and other factors, was not clear-cut, and as no change in the frontier would reduce the number under alien rule by as much as 150,000, the United States decided not to press its point.⁶ It did wish, however, to see some recognition in the treaty of the existence of the problem, leaving the door open for a solution to be worked out later by the parties themselves or by the United Nations.

As May 1, the date set for the Paris Peace Conference, approached, the number of agreed clauses was still pitifully small. None of the big questions had been settled. The French Government wanted to know whether the conference would meet.

⁶ Such a change would not have solved the problem of the large Hungarian minority in Rumania, approximately one and one-half million in number. No territorial revision, without a large-scale shift of populations, could eliminate the problem, though it might be made less acute through an international system of minority protection or through the adoption of enlightened policies by the two governments.

According to the Moscow agreement, it would meet "after the completion of the drafts" and "before May 1." Obviously both conditions could not be fulfilled. The United States and Great Britain believed that the conference should be convened on schedule, to consider the drafts in their present state, with some agreed and some unagreed articles. Perhaps, they said, the smaller states could help the great powers to solve the questions the latter could not agree upon by themselves. The Soviet Union insisted that there must be agreed drafts before the conference could be called. The Soviet leaders had no illusions about the help they would get from a meeting in which their "team" would be outnumbered by that of the western powers. They had never subscribed to the theory that when the great powers met snags in the peacemaking process, they should turn over the job to an assembly of small powers.

The Soviet stand answered the question posed by the French. The peace conference, if it met at all, would not meet on May 1. The efforts to spruce up the Luxembourg Palace, lately inhabited by the Paris headquarters of the German Army, could be slowed down. But it soon transpired that Paris was not to be denied a conference. Secretary Byrnes, finally aware that only the Foreign Ministers could make the agreements necessary to getting on with the job of peacemaking, proposed that the four ministers meet in Paris to resolve the points in dispute. His three colleagues accepted with alacrity.

2. The First Paris Meeting, April-May 1946

When the four Foreign Ministers met on April 25, 1946, the French Government proposed rules of procedure providing for the participation of all delegations in the discussions on all five treaties. Molotov, to everyone's great surprise, agreed without an argument. This was the point on which the London meeting of the Council in September 1945 had foundered and on which Byrnes and Bevin had given way in December in order to get the treaty work started again. Was Molotov giving up his hard-won victory out of politeness to the host government, France,

which otherwise would be barred from the conference table when four of the five treaties were under discussion? Did he hope to help the French Communists in the approaching elections or to get something from France in return? His gesture, in any event, reduced an artificial question of principle to its true perspective as a matter of procedure. France would still not have a vote or a veto on the Balkan treaties, merely an opportunity to express views and suggest compromises. Bidault, indeed, tried his best to play the mediator on the Balkan treaties as well as the Italian. He avoided the appearance of lining up with Britain and the United States against Russia; he sided with Molotov whenever he could do so without neglecting France's own interests.

The spirit of hopefulness evoked by Molotov's concession did not linger long. Before the Council plunged into the treaties, Bidault let it be known that France considered Germany far more important than the five peace treaties and wanted to discuss it. Byrnes submitted a draft 25-year treaty for the disarmament and demilitarization of Germany, and said that he wanted to take up the question of a treaty with Austria terminating the Allied occupation. Molotov assured them that the Council would have its hands full with the five treaties. He cursorily dismissed the American treaty on Germany as inadequate and blankly refused even to put the subject of Austria on the agenda. Byrnes was rather put out by this rebuff, since he had hoped, through the simultaneous conclusion of treaties with Austria and with the Balkan states, to force the withdrawal of Soviet troops from the whole Danubian area. Austria was the key to the problem, for so long as Soviet troops remained there, they claimed the right to stay in Hungary, Rumania and even Bulgaria, to protect their line of communications.

If there had been any tendency to blame the Deputies for the disappointing progress on the peace treaties, it disappeared as soon as the Ministers themselves tackled the problems of the Italian treaty. They started off well by agreeing on the limitation of the Italian navy and the allocation of the surplus units equitably among the four powers, which were to take into ac-

count the claims of Greece and Yugoslavia.⁷ When they came to the Italian colonies, Molotov made a new proposal, a system of two-power trusteeships, Italy and one other power to administer each territory jointly; in the case of Tripolitania the other power would be the U.S.S.R. This was entirely unacceptable to the British, who did not want the Soviet Union connected with the administration of those territories in any way, not even on an advisory council as suggested in the American plan for international administration. Bevin's counter-proposal, immediate independence for Libya, ran into strong opposition from both French and Russians. Molotov later said he would accept the French proposal for Italian trusteeship. Byrnes was willing to go along, provided the colonies would be given independence in ten years. Bevin did not like the plan but would have accepted it if Britain were given the trusteeship over Cyrenaica. As Bidault rejected the condition set by Byrnes, no agreement was reached. Yet the log-jam of fixed positions on the colonial question had been broken.

The discussions on minor clauses of the Italian treaty, such as those concerning the surrender of war criminals, the renewal of prewar treaties, and the establishment of a commission to oversee the execution of the treaty, revealed the depth of suspicion between the Soviet Union and the western powers. Molotov saw in the American and British proposals an attempt to continue Anglo-American "control" of Italy into the period following ratification of the treaty. Byrnes and Bevin, in turn, saw his position as a desire to keep the field free for unilateral Soviet pressure and interference. Each side posed as the defender of Italy's sovereignty and rights when the occasion demanded; each reminded the other that Italy was, after all, an enemy state, when that argument suited its purposes. When reparation came up for discussion, it was the same story. Britain and

⁷ This agreement represented a retreat by the Soviet Union from its demand for one-third of the fleet, which it claimed was promised at Teheran. Actually, the Teheran agreement merely gave the U.S.S.R. the use of a certain number of Italian warships (roughly one third), or their equivalent, during the war. Under this agreement the U.S.S. *Milwaukee* and the British battleship *Royal Sovereign* were transferred to the U.S.S.R. in 1944.

the United States regarded the Soviet demand as an attempt to open the door to Soviet interference in the Italian economy and to weaken Italy for the benefit of the Italian Communists. Molotov regarded the attitude of the western powers as a desire to exploit Italy themselves while denying to the Soviet Union even token compensation for its great losses. When discussing the other economic clauses, most of which concerned the restoration of Allied rights and interests, he expressed concern over the attempts to subject Italy to intolerable burdens, but did not reduce the Soviet reparation demands.

At the end of the first week, before the Council had even reached the question of Trieste, Bidault saw that a new approach was needed to keep the conference from failure. He suggested more intimate meetings, at which each Minister would be accompanied by only two advisers instead of the usual retinue of ten to fifteen. The more intimate atmosphere had no noticeable effect. Nor was the course of these negotiations "in camera," which went on side by side with the official meetings, kept from the public. After every meeting the U.S. Delegation gave the high points to the American correspondents. Byrnes had been criticized at home for telling the American press nothing at the London meeting in September 1945. When that conference failed, the press was less sympathetic than it might have been had it known the whole story. He decided that this time he would keep it fully informed.

The climax of the session came with the discussion on the Yugoslav-Italian frontier. The factual report of the commission of experts was ignored by Molotov, who came out flatly in support of the Yugoslav claim. He did not argue statistics except to point out that the American line, by any calculations, was more favorable to the enemy state, Italy, than to the Allied state, Yugoslavia. Venezia Giulia, he said, predominantly Slavic in population with but a few "islands" of Italians, was a living body which could not be cut in two. Its head, Trieste, could not be cut off. True, Trieste had a majority of Italians, but they would enjoy autonomy within the Yugoslav federal republic. Fascist Italy, he reminded his colleagues, had used Trieste and

Istria as a jumping-off place for imperialistic adventures in the Balkans. The new Italy, which showed signs of the Fascist spirit, seemed to want it for the same purpose. There was but one logical solution: to reward the heroic ally, Yugoslavia.

The three other Ministers defended the lines recommended by their respective experts. Byrnes, seeking more solid ground for a showdown than the American line, offered to accept the British or the French line as a compromise, then made a surprise proposal, which apparently originated with Senator Vandenberg, that a plebiscite be held in the area between the Soviet and American lines. Molotov was not receptive to either suggestion. A plebiscite would, in fact, have been most difficult to prepare and to hold, especially in the atmosphere of tension which gripped the disputed area; nor would it have been easy to decide where to draw the boundary even after a plebiscite had been held. The talks on Venezia Giulia were dropped at this point. Byrnes said he could concede no more without conceding principles.

Much was made in the press of the strategic factor. It was pointed out that if Yugoslavia got Trieste, the Soviets would have a great base on the Adriatic, which would enable them to dominate Italy and challenge Anglo-American control of the Mediterranean; that if Italy kept it, the western powers would have foothold for the expansion of their influence in Danubian and Balkan Europe. However, Yugoslavia already had a long coastline on the Adriatic, with good harbors. Soviet influence was already dominant in Albania. As a military point Trieste was not vital to the west or to the east. Nor was the ethnic factor decisive. None of the powers had shown much concern for that principle in considering the disposition of the Austrian-inhabited South Tyrol. The great obstacle to compromise was the fact that all Europe had come to regard the Trieste issue as a test of strength between the east and the west. If the Soviets won, the influence of the United States and the position of those who looked to America rather than to Moscow, not only in Italy but in France and elsewhere, would suffer an irreparable blow. The Soviet Union, on the other hand, had promised Trieste to

Tito. Communists throughout Europe had staked their prestige on it. If the promise could not be made good, the whole edifice of puppet regimes in eastern Europe would be shaken, and in western Europe the anti-Communist groups would gain strength.

When the four Ministers took up the Balkan treaties, the shadow of failure was already on the conference. A few points were settled. Rumania's possession of Transylvania was confirmed without qualification, Byrnes having decided not to hold out on that issue. He was anxious to narrow down the number of questions in dispute and to stand firm only on those on which he was sure of the support of American opinion. It was agreed not to alter the prewar frontiers of Hungary and Bulgaria, the decisions to be regarded as tentative until the Czechoslovak and Greek claims were presented orally to the Council or to the peace conference. On other issues the deadlock remained. Molotov would not agree to a clause on withdrawal of Soviet troops from Bulgaria, going back on an agreement made in London the previous September. The same disputes developed over war criminals and the control of the execution of the treaties as in the case of Italy. Byrnes added to the disagreements over the economic clauses by proposing that the ex-enemy states be required to guarantee equality of opportunity to the commerce and business activities of the United Nations and their nationals. This and the American proposal for free navigation of the Danube were stoutly resisted by Molotov.

The Soviet leaders believed that the western powers were trying to obtain in the peace treaties rights which would enable them to challenge Soviet control of eastern Europe. At the same time that the treaty negotiations were going on, those powers were protesting against the Rumanian Government's violation of the Moscow agreement on free elections. They were objecting to the economic agreements under which joint Soviet-Rumanian and Soviet-Hungarian companies had been formed to engage in key industries in those two countries, including petroleum, timber, aviation and Danube shipping. The United States was accusing the Soviet Union of ruining Hungary's economy by a combination of reparations and military requisitions, and

was proposing tripartite action to look into the situation. To Moscow this seemed like an attempt to deny the Soviet Union's right to reparation under the armistice, to which the United States was a party.

This western "offensive" in eastern Europe was certainly less ambitious than the Soviet leaders believed. The United States was not trying to overthrow the pro-Soviet governments in the Balkans but rather to keep the record straight on the issue of free elections and to press for the observance of obligations formally undertaken by the U.S.S.R. and the satellite governments. The difficulty for the Soviet Government was that really free elections probably would have resulted in the defeat of those governments. American economic interests in the Balkans were not important enough in themselves to warrant an all-out battle to preserve them, but the United States did not see why it should be excluded from the area. Britain, desirous of restoring its prewar position in the Balkans, which involved investments and trade interests as well as a share in the control of the Danube, naturally supported the American principles. Molotov posed as defender of the small nations against capitalist "enslavement." When Bevin pointed out that there had been international control of the Danube since 1856, Molotov dismissed as "imperialist treaties" those which had established such control. The Danube, he maintained, was not a proper subject for the peace treaties. It concerned the riparian states alone; they could work out rules of navigation without outside interference. The U.S.S.R., by its reannexation of Bessarabia, happened to be one of the riparian states.

Going through the items one by one had not produced more than a handful of agreed clauses. Molotov hinted on a couple of occasions that some trading might be done; if he had his way on Trieste, he might make some concessions on other points. Byrnes and Bevin objected to applying the practice of the market-place to matters which they said involved principle and should be settled individually on their merits. So Molotov offered no concessions. By the end of the first week in May,

Senator Vandenberg was talking about going home. The general feeling in the U.S. Delegation was that the treaty-making process had come to a dead end. There was talk of abandoning the whole combined effort and making a separate peace with Italy. As for the Balkans, it was obvious that the Soviets would not withdraw their troops until they were ready to do so; the situation there would not really be affected whether treaties were signed or not.

Secretary Byrnes was willing to be patient for a while longer. In a new approach he came forward with his old proposal for holding the peace conference. He added two further points. The first was revision of the Italian armistice terms, abolishing the Allied Commission and removing all control except that connected with the Allied occupation of Venezia Giulia. If Italy was not to get a peace treaty, it could at least be given a new armistice regime. On this the Council reached agreement, and the revised terms were initialled in Paris on May 15. The second Byrnes proposal was for the naming of deputies to start spadework on the German peace settlement. It reflected the idea then being given wide circulation that the peripheral problems of Europe could be solved only after a settlement of the central problem of Germany. Molotov, rejecting the proposal, said they should first deal with the German problem on the basis of existing agreements.

As for the peace conference suggestion, the Soviets brought out the same old argument: no conference without prior agreement on the drafts. In the end, as a counsel of near-despair, the Ministers dumped the five treaties back into the laps of the Deputies. But none of them was ready to give up entirely or to take the responsibility of final failure. They agreed on May 15 not to close but to "recess," and to meet again in Paris in one month's time.

3. The Compromise on Trieste

Back in Washington, Secretary Byrnes went on the air immediately to tell the American people that building a peoples'

peace in a war-shattered world was a long, hard process.⁸ He noted that the issues had been narrowed, but that the basic disagreements (on Italian reparation, the Italian colonies, Trieste, the Danube) were still unresolved. On these issues, he said, the United States was not trying to impose its will on others, but it had to make sure that others did not get the impression that they could impose their will on the United States. A settlement required "firmness and patience, tolerance and understanding." Byrnes intimated that the U.S. Delegation at Paris had all four of these attributes, the Soviet Delegation only the first two.

While he was willing to be patient, Byrnes had to take cognizance of the possibility that the Soviets would prolong the negotiations indefinitely. If the Soviet Union wanted to keep its troops in the Balkans, to maintain pressure on the Morgan Line, to prevent a return to more normal conditions, it could postpone peace treaties forever. Byrnes had tried to get out of the impasse by bringing world opinion, represented by the middle and small powers, into the picture as a counterweight to Soviet obstinacy. So far, the Soviet veto had blocked the calling of the peace conference. In his radio address the Secretary put out a new idea. If the conference were not held in the coming summer, the United States would feel obliged to request the General Assembly of the United Nations "to make recommendations with respect to the peace settlements."

That such a course might break up the United Nations as well as the Council of Foreign Ministers was evident from the Soviet reaction to the Byrnes speech, a bitter statement by Molotov to the Soviet press giving his version of the Paris talks. He accused the United States and Britain of forming a bloc to impose their will on the Soviet Union. Anglo-Saxon capital, he said, was instigating new aggressive wars and aiming at world domination. Byrnes's peace conference proposal he termed an attempt to violate agreed procedure and to prepare the way for separate peace treaties. The threatened appeal to the United

⁸ Radio address of May 20, 1946 (Department of State, *Bulletin*, XIV, June 2, 1946, 950-954).

Nations would be "an attempt to utilize methods of pressure and intimidation." Byrnes had talked of taking the offensive for peace. This was hypocrisy, Molotov charged; in reality the United States and Britain were taking the offensive against the Soviet Union in disregard of the interests of peace.⁹

There was one other element in the Secretary's speech which deserved serious thought on the part of Soviet statesmen. That was the indication that, however much America might be disillusioned with the power politics of Europe, it would not yield to the temptation to withdraw into isolation. The Soviet leaders, in making the negotiations as long and as difficult as possible, were testing the American will to stay in Europe and endure a war of nerves of indefinite duration. In refusing to make concessions at Paris, in proposing a 25-year treaty for Germany, and in emphasizing, in his speech, American determination to stand firm, Byrnes may have done something to convince them that the United States would not be pushed beyond certain limits and had no intention of withdrawing from Europe.

During the brief month between the two Paris sessions there were no attempts through diplomatic channels to prepare for something more hopeful, on June 15, than a repetition of the familiar arguments. But in all four capitals thought was given to the internationalization of Trieste as perhaps the only possible solution of the key problem. Also, in Paris, there were signs that the Soviet Union really did intend to go ahead seriously with the treaties. The Deputies wasted no time discussing the big issues but concentrated on the many minor clauses, some of which they settled. For the first time the Russians were willing to negotiate, in terms of concrete and detailed articles, on the economic sections of the five treaties. When the four Ministers reassembled on June 15, they found before them a more respectable number of agreed and nearly agreed clauses.

In the first meetings the Council seemed as far as ever from agreement. Long debates on minor economic clauses yielded only slight progress. Nevertheless, on all sides the disposition

⁹ Embassy of the Union of Soviet Socialist Republics, Washington, *Information Bulletin*, VI, Special Supplement, May 1946.

to compromise was more evident than at the earlier session. The Council finally put an end to the uncertainty over South Tyrol, deciding to leave the frontier at the Brenner Pass. Despite the justice of Austria's ethnic claim to all or at least a part of South Tyrol, neither the American nor the British Delegation was willing to defend it further. The decision to retain the existing boundary, subject to possible "minor rectifications," had been taken in September 1945. Austria's special plea for the Brenner Pass and the Pusterthal, which Foreign Minister Gruber had been invited to present orally to the Deputies, was rejected. The Soviet Government consistently opposed any change. The others, as in the case of the Hungarian-Rumanian frontier, saw the facts quite clearly but did not want to create one more obstacle to agreement with the Russians merely for the purpose of correcting injustices done by the peace treaties of 1919. They had, moreover, to take account of the total effect of the treaty on Italian opinion. Italy, after fighting as a co-belligerent, was going to lose territory to France and to Yugoslavia, give up its colonies, lose the greater part of its fleet, and assume a heavy financial burden. None of the powers cared to uphold Austria at the price of incurring more hatred in Italy.

Toward the end of the first week of meetings, rifts began to appear in the black clouds of pessimism. The military clauses of the Balkan treaties were adopted without acrimony. The western powers agreed to withdraw their forces from Italy sixty days after the entry into force of the treaty; the Soviets agreed to withdraw from Bulgaria on similar terms. The United States and Great Britain accepted a Soviet proposal that the ambassadors of the four powers (three, in the case of Balkan states) should oversee the execution of the treaties. Even on the question of the Danube, differences were narrowed until only a few words separated the opposing views. On June 27 Molotov startled his colleagues by agreeing to the French claim to the Briga-Tenda area, which Britain and the United States had already accepted on condition that Italy continue to be supplied by the power plants there, and to the unconditional cession of the Dodecanese to Greece. The four Ministers were now able

to attack the big issues in a greater spirit of give-and-take than had been possible at any previous stage of the long negotiations.

The Yugoslav-Italian problem was squarely before them. It was useless to debate endlessly the less important clauses without settling it. The talks started with no retreat on either side. Bidault, at a private meeting, gingerly put forward a proposal for an undefined international zone including the city of Trieste. Nobody liked the idea, but the conviction gradually grew that there would have to be an agreement on some such scheme or else a frank abandonment of the quest for peace treaties. The Russians, in the last analysis, did not want to give up on the Italian treaty. That would mean no reparation, no voice in the disposal of the colonies, no share of the fleet, and Trieste in Italian hands. On July 2 Molotov accepted the principle of the creation of an autonomous territory of Trieste. His first concrete proposal restricted the territory to the city itself, but in the face of the instant refusal of Byrnes and Bevin to consider that, he suggested that it include the immediate suburbs, then all territory to the south of the city as far as the Morgan Line. All these proposals would have left the international zone enclosed by Yugoslav territory. They were unhesitatingly rejected. Then Bidault, possibly in accordance with a pre-arranged plan, made his compromise suggestions: a "free territory" to include the area lying west of the French line between Duino, a coastal village northwest of Trieste, and Cittanova, the southern terminus of the French line; to the north of Duino the Italo-Yugoslav frontier would follow the French line, and the free territory would thus have a narrow territorial connection with Italy. That was the territorial solution which the Council adopted, a solution not desired by Italy, by Yugoslavia, or by any of the four powers, but to which there appeared to be no alternative.

The French line would have been not too bad a compromise as the frontier between Yugoslavia and Italy. It was now to be the frontier of Yugoslavia, but not that of Italy. To the west of it, on the Italian side, there was to be carved out a territory overwhelmingly Italian in population to serve as an experiment in international government under terms not yet defined. It was

a settlement bound to be fiercely resented in Italy. Western Istria, including the Italian city of Pola, was to be swallowed up by Yugoslavia. Trieste, "redeemed" in 1919, was lost again. Yugoslavia and Italy both regarded the compromise, in which they had had no hand, as a disaster. They and their respective supporters among the great powers had only the negative satisfaction that Trieste, while not won, was at least denied to the opposing side. Privately, Yugoslav officials asked why the western powers were so determined not to yield on Trieste; Yugoslavia, they said, would have it anyway within ten years' time.

Although it accepted the solution reluctantly, the U.S. Delegation was determined that it should be made to work. If the free territory were given political security and allowed to prosper economically, conditions might become stabilized. The United States insisted, as a condition of accepting the territorial settlement, that the new free state be placed under the guarantee of the United Nations Security Council. While the Charter did not specifically grant the Security Council authority to assume ultimate responsibility for the government of such a territory, the United States regarded it as the only appropriate organ for this purpose. The Soviet Union would have preferred to keep ultimate responsibility in the hands of the four powers, but the United States was bent on strengthening existing U.N. institutions, not on creating a four-power directorate to exercise continuing responsibility as a rival to the Security Council.

The Trieste settlement eliminated the greatest of the three "fundamental" disagreements which the Soviets insisted on resolving before agreeing to the convocation of the peace conference. The others followed rapidly. The question of the colonies was "solved" by an agreement not to solve it in the immediate future. The treaty was merely to state Italy's renunciation of its territorial possessions in Africa, final disposal of which would be determined by the four powers within one year of the coming into force of the treaty. Meanwhile these territories would continue under their "present" administration, i.e., British military rule. Bevin politely refused all Soviet suggestions for international control or advisory commissions during that interim

period; Britain could not, he said, submit to any "interference" with its administration. The United States fully supported the British position. Molotov, in the new spirit of realism, gave in. According to the joint declaration which was to be attached to the treaty, the disposal of the colonies would be made by the four powers in accordance with one, or any combination, of the following solutions: (1) independence; (2) incorporation into neighboring territory; (3) trusteeship, to be exercised by the United Nations as a whole, by Italy, or by any one of the United Nations individually. The way remained open for any of the proposals put forward by the four powers during the long controversy. However—and this was an American suggestion—if within a year the four powers should be unable to agree, the matter would be referred to the General Assembly of the United Nations for a recommendation, which the four powers agreed to accept and carry out.

The stage was now set for the final bargain. Byrnes and Bevin agreed in principle to satisfy the Soviet claim to reparation. In return, Molotov agreed that the peace conference should meet on July 29. In an exhausting session lasting from 5 P.M. to midnight on July 4, the agreement on reparation was hammered out. The United States had tried in vain to make up the \$100 million total out of items which would not really hurt the economy of Italy or of the powers who were supporting that economy, such items as the Soviet share of the Italian fleet, the Italian passenger ships *Saturnia* and *Vulcania*, Italian assets in the three Balkan satellites, and surplus war factory equipment. The Soviets held out for reparation out of current production over a fixed period. The western powers finally gave in. The idea of including the naval vessels and passenger ships was abandoned. The other items were kept, and although there was no agreement on their value, it was conceded that the greater part of the total sum would come out of current production. The aim of the western powers was then to hedge this obligation with safeguards. They obtained the inclusion of provisions that the deliveries, to be spread over a five-year period, should not begin until two years after the coming into force of the

treaty; that the goods to be delivered should be chosen and scheduled in such a way as not to prejudice Italian reconstruction or to impose new burdens on Allied nations; and that the U.S.S.R. should supply Italy with normally imported raw materials needed to produce these goods. All in all, it was not an unfair bargain, although the Italians still did not know what the total reparation bill would be. Many other countries had claims; the greatest sufferers from Italian aggression had been Yugoslavia, Greece and Ethiopia, not the Soviet Union. \$100 million was not a comfortable starting figure.

The turn which events took in the next few days, in any case, disposed of any hope that the agreements just reached would generate a new spirit of conciliation. The Soviet Government, having agreed to hold the peace conference, wanted to make sure that the conference would not be able to upset the agreements made by the four powers or to force on the U.S.S.R. the British and American versions of the clauses still in disagreement on such important points as the Danube. The Soviets accordingly refused to let the invitations go out until the Council had agreed on rules of procedure for the conference. This move precipitated several days of bitter controversy in which both sides flung charges of bad faith and accused the other of attempting to turn the conference into a rubber stamp. Bevin had long been under pressure from the Dominions to have the conference called. Limited in scope as it already was by the Moscow decisions, he did not feel able to face them with a plan which would condemn it in advance to impotence. Byrnes said again and again that he could not agree to impose any rules of procedure on an assembly of sovereign nations; the conference had the right to determine its own procedure.

Even on this issue they eventually found a compromise. The invitations were sent out on July 9, long after the invited nations had read in the papers that the conference was to be held on July 29. The invitations were accompanied by draft rules of procedure "suggested" by the Council of Foreign Ministers, including the provision that recommendations would be made by two-thirds majority vote. Byrnes had refused to negotiate the rules

point by point. He wanted it plainly understood that these suggested rules did not represent agreements comparable to the agreed treaty clauses, which he was prepared to support at the conference. Despite repetition, Molotov did not, or chose not to understand the American position.

The unfriendly atmosphere created by these wrangles did not help the discussions on Germany and Austria which took up the last few days of the Council's session. Marked by an important declaration of Soviet policy toward Germany, they were completely barren of results. The American proposal to name deputies to start work on the Austrian and German settlements met no encouraging response. The width of the gap between the Soviet and Anglo-American views on Germany was sufficient to dispel any false optimism which may have been raised by the progress made on the Italian and Balkan treaties.

4. The Paris Conference

Twenty-one nations were represented at the conference which opened in Paris at the Luxembourg Palace on July 29, 1946: the four powers which had prepared the drafts; China, the fifth member of the Council of Foreign Ministers; and sixteen smaller Allied nations deemed, under the Moscow agreement of December 1945, to have contributed to victory over the European members of the Axis with substantial military forces. These sixteen were the two Soviet republics of Byelorussia and Ukraine, the four British Dominions and India, Belgium, the Netherlands, Czechoslovakia, Poland, Yugoslavia, Greece, Norway, Brazil, and Ethiopia. This was the first chance the smaller nations had, other than at "hearings of views" staged by the Council of Foreign Ministers, to speak their minds on the peace settlement at an international gathering.

Some delegates hoped that the middle and small nations might make their influence felt in the direction of a more just and permanent settlement than that outlined in the drafts laid before the conference by the Council of Foreign Ministers. Such hopes, encouraged by the sincerity and tenacity which Byrnes

had shown in his long struggle to have the conference convoked, were doomed to disappointment. For the Moscow agreement restricted the power of this assembly to the making of recommendations; the commitment of the big powers to support the agreed portions of their drafts made it practically impossible for small powers to mobilize support for recommendations in a contrary sense; and the "suggested" rules of procedure reduced further the possibility that somehow the conference might make a contribution of its own to the peace settlement. The inviting powers took due account of the realities when they named it officially "the Conference of Paris," not "the Peace Conference."

The draft treaties submitted by the Big Four were a far cry from what the people of Europe and America had been given reason to hope for after the bitter experience of the war, after all the wartime propaganda and the lip service paid to the principles of the Atlantic Charter. Both in substance and in technical drafting they could be compared unfavorably even with the maligned peace treaties of 1919 and 1920. The fact was that, given the reality of Soviet power in Europe, principles had to go by the board on some of the points if there was to be any peace settlement at all. Secretary Byrnes admitted that the drafts were "not the best which human wit could devise," but pointed out that they were "the best which human wit could get the four principal Allies to agree upon."¹⁰ To have reopened all the agreed clauses would have nullified months of negotiations.

The small powers were not united. The eastern European states followed the line of "Slav solidarity," not that of small-power solidarity, while several others, like Norway, saw no purpose in provoking the big powers by opposing decisions they had reached after great difficulty and would be required to enforce. Evatt of Australia did his best to speak for the conscience of the world. Besides condemning the whole procedure of depriving the smaller nations of any real share in the peace-

¹⁰ Radio Address of July 15, 1946 (Department of State, *Bulletin*, XV, July 28, 1946, 167-172).

making, he and his delegation introduced over seventy amendments aimed at bringing the treaties more into line with the concept of peace with justice. Among the Australian amendments were proposals for commissions to study the merits of the various territorial disputes, for the establishment of a European court of human rights which would give protection to minorities left under alien rule, and for a conference within five years to consider the possible need for revision of the treaties. In the light of the proven weaknesses of the 1919 peace settlement, these were reasonable suggestions. The Australian approach was not far from the premises with which the United States had started one year before but had modified in the interest of what the Russians liked to call "great-power unanimity." Now the United States was in the embarrassing position of having to join the Soviet Union in voting them down. Evatt soon saw that his "revolt" never had a chance. After a few weeks, punctuated by his oratorical duels with spokesmen of the Soviet camp, he departed, leaving his delegation to attend to the burial of the seventy amendments.

The Soviet idea had always been that the only real function of the Conference was to confirm the Council's agreements as speedily as possible. The American view was that the invited nations should have their day in court, that the discussion should be as broad and thorough as possible, in accordance with the promise made after the Moscow meeting of the previous December. Byrnes announced that he would support, in the later meetings of the Council of Foreign Ministers, any recommendations adopted by a two-thirds vote of the Conference. Although the United States did stand by the agreed articles at the Conference, including those it did not like, mere formal support was not enough to satisfy the Soviet representatives, who accused the Americans and British of being behind the amendments offered by other states outside the Soviet sphere. They publicly flayed nations like Australia and Brazil, asking whether their concern with European problems was measured according to the number of miles they were distant from Europe. It was a campaign, they charged, aimed at destroying the work of the

Council of Foreign Ministers. At the same time they were not embarrassed by the spectacle of the Byelorussian and Ukrainian Delegations offering amendments which would give Trieste to Yugoslavia. As for the unagreed articles, each side defended its own drafts, while the smaller powers lined up in eastern and western blocs to vote for or against. There was no negotiation, no reasoned discussion.

The Conference spent its first ten days in listening to formal speeches, in which every delegation paid tribute to the ideal of lasting peace, and in wrangling over procedure. In the procedural debate the United States and Britain supported the small powers in their desire to allow the Conference to make recommendations by simple majority vote. Molotov and Vyshinsky, accusing Byrnes and Bevin of going back on previous agreements, used every parliamentary trick in their bag to prevent the adoption of such a rule. Overborne by votes, 15 to 6, better than a two-thirds majority, they remained unconvinced and unregenerate. The Soviet Union, they insisted, would not regard recommendations by simple majority as having any authority whatsoever. The Soviet Delegation would not be "intimidated" by any "playing with votes." This unedifying debate over procedure set the tone for the entire conference; and the east-west split which the vote revealed was maintained in subsequent voting with a monotonous regularity.

Both in the commissions, where the drafts were examined article by article,¹¹ and in the plenary sessions, the possibility of arriving at generally accepted solutions by negotiation was ruled out both by the methods adopted and by the temper of the dele-

¹¹ There was a political commission for each treaty, an economic commission for Italy and one for the Balkans and Finland, a military commission, and a legal and drafting commission. All member states were represented on the last two. On the others, the inviting states and all others at war with the enemy states in question were represented. Thus the Italian commissions had 20 members (Norway was not at war with Italy), the Rumanian commission 12, the Bulgarian commission 13, the Hungarian commission 13, and the Finnish commission 12. The United States chose not to attend the sessions of the political commission for Finland although entitled to do so under rules. On the Balkan treaties the Soviet bloc was able to do better in the voting in the commissions, where it had nearly half the votes (commission recommendations were by two-thirds majority), than at the plenary sessions, where it had less than one third.

gates. When Vyshinsky, at the first meeting of the Rumanian commission, made a half-hour speech on a procedural point, the New Zealand representative rose to demand how much longer the Conference was going to have to listen to this "quack-quack-quack" before getting down to work. In that atmosphere the Conference had little chance of accomplishing anything when it did get down to work. As for the methods, one was the taking of all decisions by voting, as if the Conference were a legislature. It produced majority recommendations but not agreements. Another was the presence of the press. On the proposal of Secretary Byrnes, the press was admitted to all meetings of the commissions and of the plenary conference. That meant that the speakers addressed their remarks not only to their colleagues round the table but to public opinion in their own and other countries. This was, of course, true also of meetings of United Nations bodies. At Paris, however, the problem was not to frame general resolutions but to reach agreement on hundreds of individual treaty articles affecting the vital interests of some of the participant states. The Soviet Delegation took the attitude that if the western powers wanted a public debate, wanted to appeal to world opinion, it was a game that all could play. Soviet representatives and those of the "Slav bloc" talked interminably, sprinkling their speeches with accusations against Great Britain and the United States. The latter naturally replied in kind. Neither side was willing to leave unanswered statements which placed it in an unfavorable light before public opinion. There were many such statements.

While it is true that the Paris Conference was singularly barren in accomplishment, several aspects of its work merit attention as a part of the peace-making process. One was its handling of the question of Trieste; another was the fixing of total reparation obligations for Italy and the Balkan states; a third was the discussion of issues raised by some of the smaller Allied and enemy states in connection with the territorial settlements.

There was little chance that the Conference would upset the boundaries proposed in Venezia Giulia. Representatives of Yugoslavia presented strong objections and maintained their

original claims, slightly modified; they received support from the other Slav states and from Ethiopia, which had no tender feelings for Italy on this or any other issue. The Soviet Delegation, however, though upholding Yugoslavia, said it would have to vote for the "minimum of justice" represented by the decision of the Council of Foreign Ministers. Former Premier Bonomi, invited to present Italy's case, said first that Italy could not accept the loss of Trieste; but that if there had to be a "free territory," the least that should be done was to extend its limits eastward to the British line to include that part of Istria which was indisputably Italian. This view found favor with the British Dominions, with the smaller western European states, and especially with Brazil, which interpreted the sentiment of Latin America for a lenient peace with Italy. But all proposed boundary changes were voted down, leaving both Italy and Yugoslavia unreconciled to the settlement and no one else convinced that it would work.

The debate on the fundamental statute for the Free Territory of Trieste showed how far apart were the various ideas on how it ought to work. The Big Four, unable to agree on the terms of this statute, presented to the Conference a report worked out by a special commission, containing four separate drafts. As usual, the Soviet proposals were at one end of the spectrum, the British and American at the other, with the French somewhere in between. The points of difference revealed sharply that this was a practical political problem rather than one of ideology. The western democracies favored a strong government in which the governor, appointed by and responsible to the United Nations Security Council, would have almost dictatorial powers. The American and British draft statutes gave the governor wide authority to ensure the integrity and independence of the Free Territory and the observance of the statute, to maintain public order, and to protect human rights; he would be able to proclaim a state of siege when necessary; he would control the police. The authors of these proposals had in mind the example of the Free City of Danzig, where the High Commissioner appointed by the League of Nations had been powerless to pro-

tect the Free City's autonomous character in the face of Nazi control of the local legislature.

At the very time that the Paris Conference was in session, the western powers feared a sudden attempt by Yugoslavia to seize Trieste. The shooting down of American planes on August 9 and 19 was widely regarded as a testing of the American reaction to acts of force. If a threat to Trieste existed even when Allied troops were there, it would be all the greater when the new Free Territory was set up. Such a *coup* might not be a military attack; it could be engineered from inside. The United States and Great Britain wished to give the new territory not only an international guarantee—the Russians could veto any action by the Security Council against Yugoslavia—but also a constitutional structure which would enable the governor to forestall dangerous situations by prompt and effective action on the spot. The western powers thus felt obliged to argue against giving broad powers to the popularly elected legislature, against the doctrine of popular sovereignty. Though the great majority of inhabitants of Trieste was Italian, there was doubt of the ability of the local Italian element to hold the line against the better organized Yugoslavs. The latter, working with the Italian Communists, had already shown how effective were their methods.

In the Soviet draft statute the governor was restricted to a largely decorative role while real power was placed in the hands of the assembly. The economic provisions of the Soviet statute showed how "free" the Soviet and Yugoslav Governments expected the Free Territory to be. It was to join in a customs union with Yugoslavia; its railways were to be under joint Yugoslav-Free Territory administration; its citizens and those of Yugoslavia would have the right of free settlement and employment in each other's territory. Under such an arrangement, the western powers felt, the Free Territory would soon become the "autonomous territory of Trieste within the Federated Peoples' Republic of Yugoslavia" which had been the original Yugoslav demand.

The Conference could not have been expected to reconcile

these opposing views. They were merely sharpened by the intemperate speeches of the Soviet and Yugoslav delegates. Small-power objections to the territorial settlement in Venezia Giulia had been overruled because the great powers together supported their agreed draft. The controversy over the statute threatened now to sweep away even that agreement. The United States and British delegations announced that they regarded the boundaries and the statute as parts of the same settlement. Without agreement on the latter they would not be bound by the territorial decision of July 3. When the Conference, by a straight west-east vote of 15 to 6, finally passed a French compromise on the statute much nearer to the Anglo-American than to the Soviet proposals, it was the turn of the other side to state its refusal to be bound by decisions it did not like. The Yugoslav Delegation, proclaiming its non-acceptance of Conference decisions violating Yugoslav national rights, threatened to refuse to sign the treaty. The United States met the threat by proposing a new article, which the Conference accepted by a majority vote, providing that a state which did not ratify the treaty would be entitled to no rights or benefits under it.¹²

The Conference ran into heavy weather on the reparation clauses also, but surprisingly emerged with some figures which eventually found their way into the treaties. In the Rumanian, Hungarian, and Finnish treaties the \$300 million totals set by the U.S.S.R. in the armistice agreements were confirmed, despite an attempt by the United States to reduce the Hungarian and Finnish totals by one-third in view of the disastrous economic situation in Hungary and of the tremendous burden which the \$300 million obligation represented for Finland. Bulgarian reparation to Greece and Yugoslavia, not fixed by the armistice, was set at \$125,000,000, but by a vote which found the entire Slav bloc in the minority. Italy's bill was not so easily drawn up. The United States, having agreed to the Soviet claim, could scarcely argue that Italy should pay no other

¹² Under the Moscow decisions of December 1945 the treaty was to come into force when ratified by the Big Four. Thus other signatories such as Yugoslavia might enjoy its benefits, such as reparation, without themselves ratifying the treaty and accepting obligations specified in it.

reparation. What it tried to do was to cut down the fabulous claims put in by the smaller Allied states, totalling billions, to something within Italy's capacity to pay. To put the subject in its proper perspective, the United States and Great Britain estimated their reparation claims against Italy at approximately 20 and 11 billions of dollars respectively, then said they had no intention of pressing them.

The Italians, in a panic as a result of the huge claims being carefully sorted and tabulated, pleaded inability to pay more than "two or three hundred million." That statement spiked any hope the United States had of keeping the bill down to a lower figure. Eventually, the Conference set it at \$325,000,000, to be paid as follows: \$100 million each to the U.S.S.R., Yugoslavia, and Greece, and \$25 million to Ethiopia. Albania's claim to receive reparation, supported by the U.S.S.R., was turned down, as was a Soviet proposal that Yugoslavia get twice as much as Greece. The total of \$325,000,000 was above that originally put forward by the Soviets at London in 1945, which the United States had resisted during months of negotiation. But world opinion did not regard the figure set by the Conference as unjust. That Italy should get off scot-free after invading and ravaging Allied nations was a thesis that could not easily be sustained.

The United States, trying to lighten Italy's burden, adopted a more moderate position than before on the other economic clauses. Soviet propaganda had scored some success, both in Italy and the Balkan states, in stressing the heavy burden represented by detailed articles, of which the western powers were the chief beneficiaries, on restitution, compensation for Allied property, renunciation of wartime claims, and confiscation of enemy assets in Allied countries. Besides giving up all claim to reparation the United States announced that it would not require Italy to bear the cost of expenditures by American troops in Italy, more than \$100 million, nor would it insist on 100 per cent compensation for damage to American property in Italy. Its former position on this latter point had not been easy to defend, since no Allied nation was receiving anywhere near 100

percent compensation for damage done to the property of its nations by invading Italian armies.

The Balkan treaties presented, in addition to their controversial economic clauses, some of the familiar territorial and minorities disputes which plagued the peacemakers of 1919. One of these, Transylvania, had been decided before the Conference met. The attempt of Australia to reopen it had no success. Hungary was left with a grievance likely to embitter its relations with Rumania in the future. The other principal political issue of the Hungarian treaty resulted from the desire of Czechoslovakia to solve, once and for all, its "Hungarian problem." The Prague government, which understandably could not forget Munich, had embarked on a policy of building a purely Czechoslovak national state. The Sudeten Germans were being expelled pursuant to the Potsdam agreement of August 1945. The Czechoslovak Government wished to do the same with the Hungarian minority, which inhabited the border region adjacent to Hungary and might again serve as a pretext for Hungarian revisionism. It proposed to exchange 100,000 of them for Slovak residents of Hungary in accordance with an agreement made in February 1946, to deport 200,000 others to Hungary, and to "re-Slovakize" the remainder (some 300,000). The deportation of the 200,000 required international sanction.

The Soviets were sympathetic to the Czech demands; the British were more or less indifferent. It was the United States which took exception to the idea of forcibly uprooting these people and sending them off to an uncertain future in a country whose economy was in chaos.¹³ There was some merit in the Hungarian contention that if Czechoslovakia insisted on getting rid of its

¹³ The United States had agreed at Potsdam to the forced transfer, under "humane and orderly conditions", of six and one-half million Germans from Poland, Czechoslovakia and Hungary. It did not desire to extend the transfer principle to minorities other than Germans unless the states directly concerned reached an agreement on it between themselves. In December 1945 the United States officially stated, with reference to the Hungarian minority in Czechoslovakia, its opposition to unilateral action (Department of State, *Bulletin*, XIII, December 9, 1945, 937). In fairness to Czechoslovakia, it should be said that it refrained from unilateral large-scale expulsion of Hungarians, and was ready to guarantee that any transfer operation should be orderly and humane.

Hungarians, Hungary should be allowed to take them together with the land on which they lived. The Czechs having opened the frontier question by demanding on economic grounds a small area on the right bank of the Danube opposite Bratislava, a deal might have been arranged involving an exchange of territory as well as of population. Such a solution offered the possibility of stabilizing Czechoslovak-Hungarian relations. Unfortunately, a peace treaty between victors and vanquished was not the setting in which a mutually acceptable arrangement could be worked out. American influence, however, was largely responsible for the unanimous recommendation of the Conference that the two countries enter into bilateral negotiations "in order to solve the problem" of the Magyars in Czechoslovakia. The Czechs were then given satisfaction on the greater part of their modest territorial claim.

The method of bilateral negotiations outside the Conference was used to good effect in another delicate question involving frontiers and the fate of ethnic minorities, that of South Tyrol. The Council of Foreign Ministers had assigned that disputed province to Italy without making any provision for the status of the German-speaking minority, before the war one of the most persecuted in Europe. The Austrian and Italian Governments thereupon worked out an agreement which assured certain elementary rights to these people. The western powers were enthusiastic over this act of statesmanship, regarding it as an example for the solution of other disputes, for example that between Hungary and Rumania. The Soviet Delegation did not share this enthusiasm, the agreement having been made more or less under Anglo-American auspices, but the Conference recommended, by a two-thirds vote, that it be annexed to the Italian peace treaty.

Czechoslovakia and Hungary were both on the Soviet side of the east-west dividing line, Italy and western Austria both on the other side. Those frontier problems were of less vital concern to the Conference than the dispute over the Greek-Bulgarian boundary which, like that between Italy and Yugoslavia, was a segment of the frontier between the Soviet and

western spheres. The Greek claim to a part of southern Bulgaria was based purely on strategic considerations. The territory was inhabited by Bulgarians and Turks, not by Greeks. In the American view the claim had little to recommend it; it was felt that security for Greece lay in the United Nations, not in the acquisition of a few miles of territory inhabited by an alien population. The tentative decision of the Council of Foreign Ministers to leave the frontier where it was might well have been accepted by the Conference as the reasonable solution. But the circumstances did not favor a reasonable solution. Greece and Bulgaria, enemies of long standing, were clients of powers engaged in a much bigger struggle. Britain intended to support Greece in order to strengthen the hand of the Greek Government against attacks from the extreme left and to consolidate British influence there. The Soviet Union, for its part, encouraged Bulgaria to present a counter-claim to the Greek province of western Thrace, which bordered on the Aegean Sea.

While the Greek claim may have had little merit, Bulgaria's presumption in putting in a claim impressed the nations outside the Soviet bloc as monstrous. Western Thrace had a long history as a disputed area, but it was inhabited overwhelmingly by Greeks; it was territory which Bulgaria itself, as an ally of Germany, had seized during the war and given up only when forced to do so under the terms of the armistice. This claim, in addition to the repeated attacks made on Greece by Soviet spokesmen at the Conference, had the effect of rallying the small powers to the support of the Greek claims. American opinion, so far as it showed any interest, tended to be pro-Greek. An intense propaganda campaign waged by Greek-American and Philhellene groups culminated in a unanimous Senate resolution in support of Greek aspirations to Northern Epirus (Southern Albania) and the Dodecanese.¹⁴ The U.S. Delegation marked time for a while, desirous of "doing something for the Greeks," but not willing to uphold their territorial demands on Bulgaria or Albania. The Soviet Delegation opened the way to

¹⁴ *Congressional Record*, 79th Congress, 2nd Session (Daily edition), July 29, 1946, 10480.

a solution by quietly dropping the Bulgarian claim. The United States then pushed the idea of prohibiting fortification of Bulgaria's southern frontier as a means of satisfying the Greek argument for security without changing the boundary. The Conference adopted the demilitarization suggestion, over Soviet objection, but in a surprising revolt the British Dominions and the small western European nations refused to accept the view, shared by the United States and the U.S.S.R., that Greece should get no territory. Twelve nations abstained when it came up for a vote, and the question went back to the Council of Foreign Ministers without a recommendation.

The Paris Conference closed on October 15, 1946, having long since outlived its original time schedule and twice necessitated postponement of the meeting of the U.N. General Assembly in New York. The final session was marked by the absence of the Yugoslav Delegation, which announced its non-acceptance of Conference recommendations and its refusal to sign a peace treaty embodying them. The statesmen had spent roughly two months of talk and two weeks of concentrated voting in which every clause of every treaty was passed on in the commissions and then again in plenary sessions. The general feeling was that neither the talk nor the voting had solved any problems or contributed to the cause of peace. The Conference had played out the string to the end. It had amassed a host of recommendations, many of them passed over Soviet opposition by the two-thirds majority which Molotov had loudly defended in the early sessions. Most of the sixty-odd articles presented to the Conference in unagreed form now had attached to them recommendations supporting the American and British version. Among them were the clauses on the Danube and on equality of economic opportunity in the Balkans. But no one had any illusions. Peace would not be made, Molotov had said, by playing with votes. The draft treaties and the recommendations all went back to the Council of Foreign Ministers where they would be dealt with under the principle of "great-power unanimity." The Paris experience seemed to have dispelled any hope that unanimity on the peace treaties was possible.

*5. On the Margin of the Conference: Greece, Turkey
and the Straits*

Constantin Tsaldaris, royalist Premier of Greece who headed his country's delegation, had an unhappy time at the Paris Conference. He saw the Greek claims on Albania ignored, those on Bulgaria rejected. He was the target of a torrent of invective from Molotov, Manuilsky, Kardelj of Yugoslavia, and other spokesmen of the Soviet camp; even from Enver Hoxha of Albania, a state which Greece regarded as having fought on the Axis side, who devoted the greater part of the statement of views he was invited to make on the Italian treaty to a denunciation of Greece. The Greek crisis, both internal and international, had grown even more acute since Bevin and Vyshinsky had exchanged heated words in the Security Council in February.¹⁵ In the summer of 1946, months after the general election of March 31 which supposedly was to mark the end of the need for them, British troops were still there.

The Greek Government was being subjected to a relentless campaign which its northern neighbors, backed by the Soviet Union, carried on through propaganda, frontier incidents, and the encouragement of anti-government guerrillas within Greece. In the background were the Yugoslav and Bulgarian designs on Greek territory. Since the creation of an autonomous Macedonia within the Yugoslav federal republic, the historic Macedonian question had assumed a new form; where before the war it had been a threat to the integrity of Yugoslavia, it was now a tool in Yugoslav hands for use against Greece. The Yugoslav press publicized the sufferings of the Slav population of Aegean (Greek) Macedonia. The Yugoslav Delegation raised its territorial claim at the Paris Conference as a companion-piece to the Bulgarian demand for the rest of northern Greece, but did not press it. It appeared, from the tactics employed, that the goal of the coordinated campaign, at the moment, was not the pinching off of Greece's northern provinces but the establishment of an

¹⁵ See above, pp. 91-93.

EAM government in Athens and the capture of the whole of Greece for the Soviet bloc.

The Communist threat determined the British to stand more firmly than ever behind Tsaldaris. They would have liked to see a moderate government established, but the simple fact was that the extreme right and the extreme left were the strongest and best organized factions in Greece. The royalists made much capital of the excesses perpetrated by the Greek Communists and of the Slav menace from the north. They played the theme of Greek nationalism, gaining favor at home for defending the country on the diplomatic front against Soviet attacks. That was one reason why they had won such a sweeping victory in the March election, which an Anglo-French-American mission of observers characterized as "on the whole free and fair."¹⁶ Unfortunately, the royalist government proved as incapable as its predecessors in coping with the country's pressing problems. Its program of suppression of EAM "bandits" while tolerating right-wing gangsterism gave color to the Soviet charges of fascism. Its appetite for territory, though partly a genuine reflection of the insecurity felt by the Greek people, was greedy to the point of justifying the charge of imperialism. Its only remedy for the internal problem was to bring back King George, for whom the Greek people had no great love or respect but for whose return a majority voted, in a referendum held on September 1, 1946, apparently regarding the monarchy as a symbol of resistance to Communism and to outside pressure.

The United States, which had let Britain take the lead in dealing with the Greek problem, was drawn more and more into the center of it as the peace treaty negotiations became a prolonged duel in which the two western powers were ranged in a solid front against the Soviet Union. The United States was far from satisfied with the state of affairs in Greece. When the Export-Import Bank extended Greece a loan of \$25,000,000 in January 1946, the State Department recommended that the

¹⁶ The election was boycotted by the EAM and certain left-center parties. The Allied mission estimated that abstention for political reasons was in the neighborhood of fifteen percent.

Greek government put its house in order by adequate economic measures. That would be a condition of further assistance. By the summer of 1946, these factors were secondary to the over-all strategic considerations. The Greek Government made much of the country's position as a "bastion of democracy protecting western civilization." Many Greeks talked frankly in terms of a coming world war, in which Greece would be indispensable to the western powers. Not only British but also American military opinion accepted the view that Greece must be kept out of the Soviet sphere. Hence Byrnes' spirited defense of Greece at the Paris Conference against the Soviets' oratorical offensive. Hence the display of American naval power off the Greek coast early in September, frankly described by Secretary of the Navy Forrestal as intended to support American foreign policy.

Toward the end of August 1946, the drama being enacted in Greece and in Paris opened on a third stage, the chamber of the U.N. Security Council at Lake Success, New York. Dimitri Manuilsky, head of the Ukrainian Delegation at Paris, suddenly left the conference to present to the Security Council the charge that the irresponsible policy of the Greek Government represented a grave danger to peace and security. His formal complaint accused Greece of provoking frontier incidents with the object of wresting territory from Albania and of persecuting national minorities. Contributing to this dangerous situation, he alleged, was the presence of British troops in Greece and direct British intervention in internal Greek affairs. Great Britain tried to bar the complaint from the agenda, but the United States, on the principle that any complaint should at least be heard, voted with the Soviet Union to admit it. On the substance of the question the two western powers stood together in holding that Manuilsky, who presented his case at length on September 4, had failed to produce even a shadow of proof of his accusations. Herschel Johnson of the United States stated that it was "entirely beyond the realm of credulity" that Greece would have aggressive intentions against its northern neighbors. He called the British troops in Greece "a stabilizing factor," prompting

Gromyko to ask whether American warships had been sent to Greece and the eastern Mediterranean in the interest of stabilizing the situation.

No one denied that blood was being shed in skirmishes on the northern borders of Greece. The combination of unsatisfied territorial claims, ethnic minorities on both sides of the frontier and ideological differences had in fact created a situation which did endanger peace. Who was responsible for it? The Soviet Union wished to put all the blame on the "aggressive monarchofascist elements" in Athens and their foreign supporters, and none of it on the "young democratic republics" of Yugoslavia, Bulgaria or Albania. The western powers looked at it just the other way around. Since the Ukrainian complaint to the Security Council placed the onus on Greece, they rejected it outright. In order to avoid a purely negative position, the United States suggested that the Council might investigate the whole question of border incidents and treatment of minorities on both sides of Greece's northern frontier. The U.S. resolution received eight votes but was defeated by Gromyko's exercise of the veto. On September 20 the Council dropped the case from its agenda over Soviet and Polish objection, thus clearing Greece of the Ukrainian charges but doing nothing to check the menacing situation in the Balkans.

Greece and Iran were two focal points, during 1946, where Soviet pressure toward the Near East met Anglo-American resistance. Soviet manoeuvres in both those countries had more than local significance. They were a means of applying pressure, from both sides, on Russia's historic antagonist in this area, Turkey. The large Soviet forces in Bulgaria were another reminder to the Turks of Soviet power. The western powers knew that it was optimistic to expect the Russians to withdraw from Bulgaria or allow free elections there until they had received some satisfaction on the question of the Straits of Bosphorus and Dardanelles. Turkey, however, did not show the internal weakness of Greece or Iran. That was perhaps the principal reason why no similar crisis arose when the Soviet press began to talk about Turkey's "undemocratic" regime, when Soviet

sources spoke of the "rights" of Soviet Georgia and Armenia to Turkey's northeastern provinces of Kars and Ardahan and raised the issue of the Straits.

At Potsdam the Big Three had agreed that the Montreux Convention of 1936 required revision in the light of new conditions. Under that convention Turkey had the right to fortify the Straits, and limited passage of warships through them was permitted when Turkey was not at war. The new conditions were, primarily, the power of the Soviet Union to get more favorable terms than it obtained in 1936. It was no new problem. Tsarist Russia, since the eighteenth century, had regarded the Straits as the key to her house. Throughout the long history of changes in the regime of the Straits from 1774 to 1936 Russia tried consistently to keep the door to the Black Sea closed to warships of other powers, while leaving it open for Russian warships to get out into the Mediterranean. That aim might be accomplished by international convention or by direct possession. In 1915 Russia had been promised the Straits, but the collapse of 1917 and the Bolshevik repudiation of the "imperialist" treaties radically changed the picture for a number of years. Then the Bolsheviks themselves revived the Tsarist demands.

By the understanding reached at Potsdam, it was left for each interested power, in the first instance, to communicate its own views on the Straits directly to the Turkish Government. In November 1945 the United States, though not a signatory of the Montreux Convention, put forward proposals for a new regime, to which the United States would be a party, under which the Straits would be open to the warships of the Black Sea powers and closed to those of other nations. Britain took the same view. The Turks were inclined to accept some such arrangement, but not the proposals put forward by the Soviets early in August 1946, at the height of the tension over Greece and other Mediterranean questions, calling for a new regime solely "under the competence of Turkey and other Black Sea powers" and for joint defense of the Straits by Turkey and the U.S.S.R. The Turks regarded these two conditions as incompatible with their

sovereignty and refused to negotiate on such a basis. The United States took a strong line in opposition to the Soviet demands. The regime of the Straits, it held, concerned not only the Black Sea powers but others, including the United States, and should be brought into relationship with the United Nations. The defense of the Straits, said an American note of August 19, was primarily the responsibility of Turkey; if they should become the object of an attack, it would be a matter for action by the Security Council.¹⁷

The Soviet position was understandable. The Straits were considered as vital to the security of Russia as was the Panama Canal to the security of the United States. The United States did not regard the comparison as apt. In taking such a strong position, even taking the lead from the British in opposing the Soviet demands, it was going beyond its prewar hands-off attitude toward the Straits question. This was because not just the Straits were at issue. The war had shown that they no longer had their former strategic importance; German air power in the Aegean, not Turkish possession of the Straits, had been the decisive factor in that area. The United States considered the issue raised by the Soviet demands of August 1946 to be the larger one of Turkey's integrity and independence. "Joint defense" of the Straits would mean Soviet bases on Turkish soil, from which domination of Turkey would be an easy step. This the United States, like Britain, was determined to prevent. The Turks themselves were unwilling to give up any of the substance of what they had gained under Mustafa Kemal and at Montreux. They gave no signs of cracking, although it was a great economic strain to keep their army mobilized. In a further exchange of notes in October the Soviets renewed their demands, Turkey turned them down, and both Washington and London reiterated their previous statements that the question could be settled only by an international conference and certainly not on the terms proposed by Moscow.

¹⁷ Texts of Soviet and American notes in Department of State, *Bulletin*, XV, September 1, 1946, 420-422. Text of Turkish reply in *New York Times*, August 25, 1946.

6. Soviet and Western Blocs

At the Paris Conference the little nations were forced again and again to stand up and be counted. Certain European states like France, Norway and Czechoslovakia, which hoped to stay in a middle position, were driven into one camp or the other largely because the Soviets did not recognize any middle ground. Soviet representatives stated their own case in extreme form and denounced that of the western powers in the most provocative and even insulting terms. These tactics alienated the nations outside the Soviet sphere and had the effect of creating, so far as voting was concerned, just that western bloc which Soviet leaders professed to see when it did not exist. They attributed the solid fifteen-to-six lineup against them to Anglo-American manipulation, to the same sort of discipline under which the Polish and Yugoslav delegations, like those of Byelorussia and the Ukraine, orated and voted according to plan. Marshal Smuts, addressing the Conference on October 7, declared that the division between the Slav group and the western democracies might prove fatal to peace unless heroic measures were taken to bridge it.

The distinction between east and west overshadowed the distinction between Allied and enemy states. Since each of the latter was permitted to make a general statement to the Conference and to appear before the appropriate commissions on specific issues, Rumania and Bulgaria, the two enemy states whose governments looked only to Moscow, were able to add voices, if not votes, to the Soviet bloc, and to denounce the "unwarranted claims and designs" of the western powers. The Soviet representatives stoutly defended enemy Bulgaria against Allied Greece on territorial, military, and reparation issues, the same on which they espoused the case of Allied Yugoslavia against enemy Italy. The American position was similarly inconsistent in supporting the opposing party in each of these disputes, although this support was relative rather than absolute; immediate political advantage was of course an important factor, but there was also a concern with finding solutions which could

stand on their merits and would contribute in the long run to peace and economic progress in Europe.

While the western powers were trying at Paris to get into the treaties some clauses which would keep eastern Europe from complete Soviet domination, they were continuing through other channels their Yalta crusade for free elections. The stream of protests from Washington and London had little effect on the course of events. Setting conditions to economic aid might be more effective. Before making available \$90,000,000 in loans to Poland in April 1946, \$40,000,000 through the Export-Import Bank and \$50,000,000 for the purchase of surplus property, the United States called for renewed assurances that Poland would hold free elections and would permit free press reporting of the electoral campaign. It asked also that U.S. nationals be adequately compensated for nationalized property and that Poland accept the general tenor of the U.S. proposals for the expansion of trade on a multilateral basis. Poland promptly gave the assurances. Within a month the United States announced suspension of deliveries of surplus property on the ground that Poland had not carried out its promises, while the Export-Import Bank loan was held up until Poland supplied the texts of its economic agreements with other countries, as it had promised. Poland complied and eventually got all the promised credits.

A referendum was held in Poland in June 1946, confirming the new western frontier, the land reform and the nationalization of industries, and the abolition of the upper house of the legislature. Denounced as fraudulent by Mikolajczyk, trying single-handed to stand against the Communists who controlled the state apparatus and had Soviet support, it was a dress rehearsal for the general election set for the following January 19. During the campaign for that election the United States stated its view that free and unfettered elections were impossible under existing conditions. After the election, a sweeping victory for the Communist-led bloc, it informed Warsaw and Moscow that the Yalta and Potsdam requirements had not been fulfilled. Senator Vandenberg made a strong speech in the Senate on Jan-

uary 29, 1947, supporting the State Department's position. Ambassador Lane was recalled from Warsaw, though recognition was not withdrawn.

The Rumanian Government, having given pledges to allow freedom of speech and of assembly and to hold a free election, had been recognized by the United States in February 1946, in accordance with the Moscow agreement of the previous December. In May and again in June it was told by Washington that it had not fulfilled those pledges. The Rumanian reply was a denial of the charges and a reminder that the pledges were given on the basis of the Moscow agreement, to which there were three signatories; Rumania had not had complaints from all three; on the contrary, one of them, the Soviet Union, was quite satisfied with the manner in which the agreement was being fulfilled. It was anticipated that the government would not let itself be beaten in the election, scheduled for November. The campaign conditions were not fair to the opposition, and the conduct and outcome of the election, in which 90 percent of the seats went to the government and allied parties, seemed to confirm the opposition's charge of fraud. The United States informed Rumania that the pledge of free elections could not be regarded as fulfilled, and there the matter rested.

In the case of Bulgaria, even the Moscow decision that the government should be broadened to include opposition leaders had not been carried out. As the government remained unrecognized by the western powers, it was a question whether the peace treaty, if completed, could be signed. Meanwhile the Bulgarian Communists consolidated their position. A popular referendum disposed of the monarchy in September 1946; there was no need to falsify this vote, since the opposition also favored a republic. In October a constituent assembly came into being after an election which the United States and Great Britain did not consider free; but the opposition parties were allowed to elect 99 out of 465 representatives, a concession which would hardly have been made had it not been for pressure from the western powers.

Albania also was thoroughly welded into the Soviet bloc dur-

ing 1946, despite its tradition of friendship with the United States. In November 1945, the United States was ready to recognize the government of Enver Hoxha, leader of the Albanian partisans during the war, but recognition was held up when Hoxha refused to admit the validity of Albania's prewar treaties with the United States. As his regime came more and more under Soviet and Yugoslav control, relations with the United States deteriorated rapidly until the position of the small U.S. political mission in Tirana became extraordinarily difficult. It was finally withdrawn in November 1946. Albania, smallest of the Balkan states, was important because of its strategic position at the entrance to the Adriatic Sea. Control of Durazzo and Valona would give Soviet Russia and Yugoslavia strong points for which Tsarist Russia and its ally Serbia had striven without success before the first World War.

Of all the eastern European states Yugoslavia was Russia's most faithful satellite. At home Tito was building a small-scale U.S.S.R. On the international stage he was in the forefront of the struggle against the west. As the strongest state in the Balkans, Yugoslavia was gradually drawing Bulgaria and Albania into close association with it, to form a solid bastion of Soviet influence from the Adriatic to the Black Sea.

In addition to the issues involved in the Italian peace treaty, a series of disputes embittered relations between Yugoslavia and the United States. There was friction over the activities of anti-Tito Yugoslavs in Italy and Austria, over the nationalization of American-owned firms in Yugoslavia, over Tito's treatment of American citizens, over Yugoslav accusations of espionage and anti-Yugoslav propaganda on the part of American officials in Yugoslavia. The United States continued to call Tito's government unrepresentative. When the monarchy was abolished, in November 1945, Washington recognized the new republic but took care to point out that this did not imply approval of the methods by which it came into being or of the policies of the regime.

Relations between the two countries reached a crisis in August 1946, when two American transport planes were shot down over

Yugoslav territory by Yugoslav fighters. Five American soldiers were killed when the second plane crashed on August 19, and the occupants of the first were held in custody. Feeling ran high in the United States. The press called for strong action. At Paris the atmosphere was tense as Secretary Byrnes, already irked by the intemperate speeches of Kardelj and his associates and aroused by Tito's tactic of replying to American protests with hostile counter-charges, took the decision to send Yugoslavia an ultimatum. It was a new kind of ultimatum. Denouncing these "outrageous acts perpetrated by a government that professes to be friendly," the note demanded that Yugoslavia, within 48 hours, release the occupants of the plane and insure their safe passage out of the country. Otherwise the United States would bring the affair before the Security Council for appropriate action. When Tito complied, the immediate crisis was past. He agreed also to pay indemnities to the families of the dead soldiers. The Soviet bloc and the United States had tested each other. The firm American reaction was welcomed by all those elements in Europe which feared and opposed Soviet penetration and domination. Tito had backed down, as he had in 1945 when forced to evacuate Trieste, probably because the Soviets were not willing to have him push the United States to the point of an irreparable break. But the storm clouds remained.

Czechoslovakia was in an uncomfortable position. Its traditions and political institutions were western, its prosperity had depended on close relations with the west. Yet the Czechs felt a sense of solidarity with their brother Slavs who had freed them from the Germans, and their leaders knew that in foreign affairs they had to follow Moscow. They talked of Czechoslovakia as a bridge between east and west, but in ballot after ballot at the Paris Conference they voted with the east against the west. This nettled Secretary Byrnes and his advisers. After certain Prague papers had taken up the Soviet theme that the United States was trying to use its economic power to "enslave" weaker nations, the State Department suddenly announced, on October 16, 1946, that it had suspended the remaining \$40,000,000 of a

\$50,000,000 credit previously extended to Czechoslovakia for the purchase of surplus army equipment and had asked the Export-Import Bank to hold up the negotiations for a \$50 million rehabilitation loan. The answer to the accusation of dollar diplomacy apparently was to give the accuser a real taste of it. It was a rather unprecedented move, to which there was some opposition within the U.S. Government, on the ground that Czechoslovakia was not lost and that economic aid would strengthen its ties with the west.

Among the official reasons given for the suspension were: 1) that Czechoslovakia had misinterpreted American motives in extending economic assistance to European countries; 2) that Czechoslovakia was in a more favorable position than some other countries and did not need aid, having agreed to re-sell some of the surplus property to Rumania; 3) that no agreement had yet been reached on compensation to U.S. nationals whose property in Czechoslovakia had been nationalized, or on questions of commercial policy. Byrnes, at a press conference, indicated pretty clearly that the motive was political. He stated that the United States should not grant credits to countries which felt that we were trying to enslave them.¹⁸ In reply Czechoslovakia regretted "this unwelcome episode," calling it "a passing phenomenon brought about partly by misunderstandings, partly by certain objective circumstances as they exist in the international situation today."¹⁹ The Czechs then gave assurances on the subject of compensation and accepted in principle the American views on commercial policy.²⁰ But Washington did not reopen the subject of credits.

This incident highlighted the American policy of using its economic power to support its political line in eastern Europe. The effort to strengthen the pro-western elements in Hungary, the only one of the three ex-enemy Danubian states not wholly in the Russian camp, was directed to the same end. In March 1946 the United States called attention to the heavy burden of

¹⁸ *New York Times*, October 22, 1946.

¹⁹ Statement by Deputy Foreign Minister Clementis (*ibid.*, November 1, 1946).

²⁰ See below, p. 386.

Soviet exactions on Hungary (reparation payments and requisitions for the occupation troops), proposing that the three Yalta powers undertake a joint program to rehabilitate Hungary, a proposal that Moscow immediately turned down. Hungarian gold and other property in the U.S. zones of Austria and Germany were returned. Hungary was granted a small credit to purchase surplus war property. Plans were made to grant Hungary a loan for the purchase of cotton and to give Hungary a share of the relief grants which were to succeed those of UNRRA. No such solicitude was shown toward Yugoslavia, Bulgaria or Albania, where economic help would merely strengthen the ruling elements, which were pro-Soviet and anti-American, though Rumania, struck by an appalling famine, received some emergency aid.

These economic policies were scarcely more effective in loosening the Soviet grip on eastern Europe than protests over rigged elections. In the case of Hungary the help was too meager to have a political effect; and even if the State Department had been able to persuade Congress and the Export-Import Bank to supply aid on a grand scale, the presence of the Red Army and the proximity of the Soviet Union would still have been the decisive elements in the Hungarian picture. As for Czechoslovakia and Poland, the denial or temporary suspension of credits made their economic programs more difficult to carry out but did not change their direction, nor was there any tangible evidence that it enhanced the political influence of the United States.

In western Europe the United States had more chance for effective action. Under parliamentary democracy and a free press the western European nations were making their own efforts to rebuild their political and economic institutions. The struggle for power among local political parties was watched with intense interest from Washington, London and Moscow. Inevitably these parties looked abroad for sympathy and support, and each of the three great powers was interested in strengthening the position of its "friends." Because of the relative weakness of the western European nations they could not help being

drawn into the big-power competition for influence. This competition was most apparent and important in France and Italy, the two largest nations in the area.

In Paris and in Rome there were coalition governments, including both the Communists and their chief rivals, the Popular Republicans (MRP) in France, the Christian Democrats in Italy. In each case it was an uneasy alliance, with the uneasiest position of all occupied by the Socialists, who were squeezed between the two stronger parties. These coalition governments existed by national necessity, since right and left were more or less evenly balanced.²¹ The Communists were powerful through their control of labor unions. In France they gained control, shortly after the liberation, of the central labor organization, the C.G.T. No cabinet could govern against the will of a party which had the power to tie up the whole economy. The Communists had to be brought into the government. On the other hand they could not, without resort to force, take over control by themselves, as they did not have the support of as many as 30 percent of the voters.

Italy, whose fate was in the hands of the victors, could have no independent policy. In frustration and resentment at the proposed peace treaty, the Italian mood was one of bitterness against both east and west. The Soviet Union was backing the Yugoslav claim to Trieste and was demanding reparation. The western powers, though professing solicitude, were insisting on severe military limitations and on the loss of the colonies; while opposing reparation they were making economic claims of their own, and despite the hopes they had raised they were unable to save Trieste for Italy. Alcide de Gasperi, Christian Democratic leader who headed the government after the resignation of Ferruccio Parri in September 1945, remained in office through many vicissitudes. In the elections of June 1946 the Italian people chose a constituent assembly and, by a surpris-

²¹ The MRP and Christian Democrats were liberal Catholic center parties, the real rightists being the PRL (Republican Party of Liberty) in France and the Common Man (*Uomo Qualunque*) Party in Italy. These, though gradually gaining, had comparatively little support, the whole political spectrum having shifted to the left.

ingly close vote showing the sharp cleavage between the conservative south and the radical north, established a republican form of government. Savage riots broke out in Naples where monarchist supporters clashed with the police, but Umberto II, though he questioned the validity of the popular verdict, chose not to gamble on civil war to keep his throne, and followed his father into exile. De Gasperi remained as Prime Minister. With a peace treaty to be signed which was regarded as a national disaster, no one else wanted the post.

From the practical standpoint it was not the treaty terms but current economic troubles which made Italy's situation so difficult. The Communist embarrassment over the Trieste issue did not prevent them from capitalizing on economic unrest to make wide gains over the Christian Democrats in the municipal elections of November 1946. Italy had received the equivalent of nearly one billion dollars from the United States since 1943, in one form or another, but still the country was not on its feet. UNRRA would soon expire. De Gasperi, who managed to avoid a break with the Communists, keeping them in his cabinet though his sympathies and his foreign policies were openly democratic and pro-American, turned to the United States with a request for a loan for reconstruction. The United States could no longer regard Italy as primarily Britain's problem. Deeply involved in Greece, paying a heavy bill in Germany, the British could not meet even a fraction of Italy's needs; the aid could only come from America. The United States had displayed the greatest tenacity in keeping Trieste out of Yugoslav hands. De Gasperi asked whether it would allow all Italy to drift into communism for lack of support. Washington's reply was a promise, in January 1947, of a loan of \$100,000,000. Perhaps it was not enough to revive the Italian economy. Together with a promise of relief supplies when UNRRA was through, it was nevertheless an expression of continuing American political interest. De Gasperi hung on.

France was a more critical point even than Italy. There the Communists were stronger than anywhere else in western Europe. They were the most dynamic and effective party in France.

In the series of elections held between October 1945 and October 1946 they consistently came out first or a very close second. Discipline and organization, an excellent record in the resistance, and a nationalistic line on the German question were the chief factors in their surprising voting strength. Their strong showing, however, engendered fear in many bourgeois hearts and provoked a reaction. The PRL, heir of prewar conservative parties, gained steadily. The MRP won many votes by virtue of being the largest anti-Communist party. The Socialists were being worn down by this struggle, losing on the left to the Communists and on the right to the MRP. De Gaulle, who resigned as provisional President in January 1946, became the rallying point for advocates of "strong government" and for anti-Communists.

The Communists suffered a setback when the people voted down the first draft constitution in May 1946 and again when they elected the second constituent assembly the following month. American officials, who announced the Export-Import Bank loan to France on the eve of the June election, were pleased with this apparent turn of France to the right which put Georges Bidault in the provisional presidency. Yet the Communists, with a permanent strength which in no vote dropped below 25 percent, remained formidable. Bidault was, in a sense, their prisoner. In every decision of domestic or foreign policy he had to take them into account. In the elections for the first national assembly of the Fourth Republic under the new constitution, adopted on October 13, 1946, the Communists came out ahead of the MRP and finally, in January 1947, made good their claim to one of the key ministries, that of national defense.²²

The Soviet aim apparently was, through the French Communists, to "neutralize" France, to keep it from adding any weight to the Anglo-American combination. That policy, combined with other factors, achieved its purpose. Military weakness com-

²² It first proved impossible to form a three-party coalition government owing to the deadlock between the MRP and the Communists on this issue, and Léon Blum formed an all-Socialist "caretaker" cabinet. Blum gave way, in January 1947, to a three-party cabinet headed by Paul Ramadier.

pared to the Big Three, a geographical position between the contending giants, and serious internal political divisions prevented France from playing an effective role in world affairs, even as a mediator.

Neither as a partner of England and America nor as an independent factor did western Europe have the voice to which its population and resources entitled it. Isolated voices were raised in favor of an attempt to solve some of its problems through an association or union of western European nations, possibly including Britain. One was that of Léon Blum, who called for "convergent action" by Britain and France, which would attract "all the democratic states of northern and western Europe, including the future republics of Italy and Spain."²³ Another was that of the left-wing Laborites in England, who talked of a union of western states, including Britain, which by common policies toward outside powers would neutralize western Europe in the event of Soviet-American war.²⁴ These were projects of the left; they were concerned with the cultural and economic problems of western Europe itself rather than with creating a counterweight to Russia's eastern bloc.

On the practical side, Belgium and Holland were going ahead with the formation of a customs union. Britain and France were weighing a plan for complementary planned economic development. Already functioning was a series of temporary organizations through which European nations were dealing with their most acute common economic problems. These were the Emergency Economic Committee for Europe, the European Coal Organization, and the European Central Inland Transport Organization. They were not limited in membership to western European nations, but the effects of their activities were felt chiefly in that region.

Other proposals were more concerned with the factor of power. Charles de Gaulle, in July 1946, called for a strengthening of France and western Europe, so that they might be able

²³ *Le Populaire*, September 17, 1945.

²⁴ R. H. S. Crossman, "Britain and Western Europe," *Political Quarterly*, XVII, January-March 1946, 1-12.

to stand against the advance of Russia from the east and of America from the west. Churchill, on the other hand, did not have de Gaulle's mistrust of America or his fear of the future Germany. He conceived of Europe as a necessary extension of an Anglo-American bloc, a bulwark against Russian expansion. His "United States of Europe" speech at Zürich on September 19, 1946, called for the immediate association of all European states who would and could join, including Germany. The *Times* of London pointed out that many would see in his speech a call not for a United States of Europe, but for a United States of Western Europe.

Churchill stated openly what many western statesmen had been thinking: that neither the Anglo-Saxon powers nor the western European states themselves could hold their own against the Russians and their well-disciplined bloc without some form of association and common program for western Europe, using the resources of the industrial heart of Europe, the Ruhr. The United States had not encouraged the idea of a western bloc. As the Soviet Government was so often told, the United States opposed the creation of spheres of influence. The Russians cried "anti-Soviet bloc" at every mention of western European combination, and we had deliberately avoided giving them cause for complaints against us on that score. The price of that forbearance was the continued weakness of western Europe. The Russians had vetoed all schemes for federation or union in eastern Europe until they could form a bloc of their own making. The western powers could not do anything to prevent that. The Soviet bloc was an accomplished fact, no matter how much the United States might deplore it. But western Europe lay outside Russia's zone of direct control. Action could be taken there without asking Moscow's consent. In the United States the view gained ground, without being stated officially, that a positive American policy in western Europe, promoting its recovery and encouraging its political and economic integration, would do much to improve the American bargaining position *vis-à-vis* Russia.

While the war was still in progress, the Allied governments and peoples indulged in a good deal of speculation and planning on what to do with Germany. Yet on May 8, 1945, the date of Germany's formal, unconditional surrender, the major Allies had no agreed program adequate to guide them in dealing with the manifold problems they faced as occupying powers. Nor was it apparent that any one of them had a consistent and well-defined German policy of its own. In England a con-

troverſy between the advocates of a hard and a ſoft peace was going on; there was uncertainty whether British economic intereſts would again demand the rapid reconſtruction of the German economy, as after the laſt war. Soviet policy, which may have been clear to the Soviet leaders themſelves, ſeemed to outside obſervers to be full of contradictions. Some Soviet pronouncements ſpoke of the fearful retribution awaiting Germany. Yet even in 1942, when the German armies were at Stalingrad, Stalin had announced that "we do not purſue the aim of deſtroying the entire organized military force in Germany" and had ſaid that while "history proves that Hitlers come and go, the German ſtate and the German people remain."¹ In ſponsoring a "Free Germany" Committee in Moſcow in 1943, composed of captured German officers and old Communist leaders, the Soviet Government ſeemed to be planning to win the future Germany to cloſe aſſociation with the Soviet Union; but at the ſame time it was backing Polish claims to a large part of eaſtern Germany, and in 1944 it ſigned a military alliance with France directed againſt Germany. One thing the Soviets kept always in view, reparation for the imenſe damage done by the Germans in Ruſſia.

The United States did have, on V-E Day, a baſic policy document, the directive known as JCS 1067, tranſmitted by the Joint Chiefs of Staff to General Eiſenhower in April 1945. It reflected the differences of opinion, conflicts between various government agencies, and general confuſion which had characterized our poſtwar planning on Germany during the war years. The general objectives of this wartime planning had not been a ſubject of controverſy: to make it impoſſible for Germany again to ſtart a war, and to replace Nazism with conſtructive forces, ſo that the Germans might, as Preſident Rooſevelt ſaid, "earn their way back into the fellowſhip of peace-loving and law-abiding nations."² How was it to be done? On the political ſide, deci-

¹ Joſeph Stalin, *The Great Patriotic War of the Soviet Union* (New York, 1945), 44, 69.

² Address before the Foreign Policy Aſſociation, October 21, 1944 (*New York Times*, October 22, 1944).

sions were required on how long to occupy Germany, what institutions to foster during the occupation, what controls to maintain thereafter, and whether to partition Germany into separate states. On the economic side, decisions were required on reparation, on de-industrialization, and on the future of German trade.

Although these questions were under study for a long time, agreed conclusions were not easily reached. The idea of partitioning Germany into a number of separate states, favored by Sumner Welles, died a slow death. At the time of the Quebec meeting of 1944 between Roosevelt and Churchill, some of the American intramural disagreements came to the surface. The President seemed to favor the idea of Secretary of the Treasury Morgenthau that Germany could be rendered harmless by the destruction or removal of all its heavy industries and its reduction to the status of a "pastoral" nation. The Morgenthau plan proposed, among other things, that all industrial plants be removed from the Ruhr and that the Ruhr mines be closed.³ The State and War Departments resisted these drastic proposals and also resisted the idea that our fundamental policy on Germany should be determined by the Secretary of the Treasury. Following his triumph at Quebec, where Anglo-American agreement was reached on supporting the principle of de-industrialization as a security measure, Morgenthau's influence waned. Nevertheless, this principle remained as a part of American policy. It formed the basis of the President's directive to the FEA to accelerate studies of what should be done to control Germany's capacity to make war in the future. It was present in JCS 1067 and eventually found its way into the Potsdam agreements. Morgenthau himself believed that those agreements represented an attempt by the Allies to carry out the objectives of his program.⁴ But most American policy-making officials dealing directly with German problems had little faith in "pastoralization."

At Moscow in 1943, Hull, Eden and Molotov decided to set

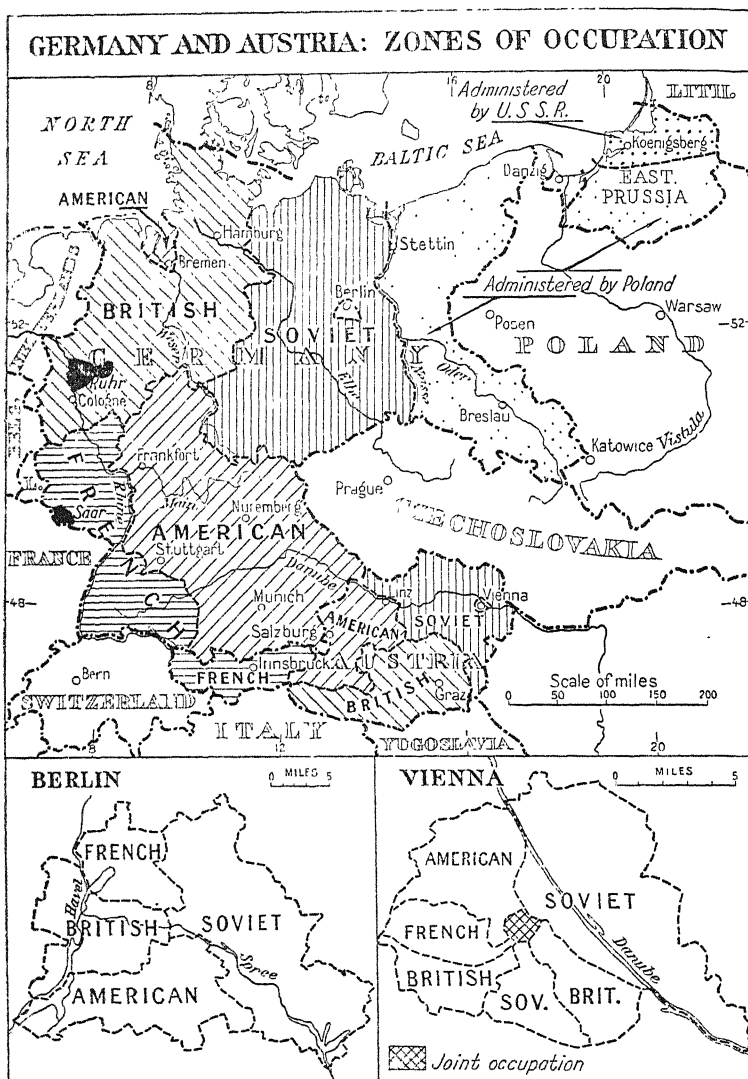
³ Henry Morgenthau, Jr., *Germany is Our Problem* (New York and London, 1945).

⁴ *Ibid.*, xii.

up a European Advisory Commission in London to work out common Allied policies toward Germany.⁵ The detailed agreements reached in this commission and the general statement on Germany issued at Yalta formed the basis for Allied policy at the time of the Nazi surrender. The first main point was the destruction of German militarism through the disarmament and disbandment of the armed forces, the breaking up of the General Staff, the destruction of military equipment, and the elimination or control of all German industry that could be used for military production. The second was the destruction of the Nazi Party, the removal of its influence from the life of the German people, and the punishment of war criminals. The third concerned the machinery of Allied control. Germany was to be divided into zones of occupation, with a central Control Council in Berlin composed of the zone commanders. The Crimea agreement provided that France also would sit on the Control Council and would be given a zone; the French zone then had to be carved out of the western zones, as the Soviet Union stood firm on keeping the area already assigned to it. Great Britain had originally proposed a system of joint Allied control, without zones, but could not overcome Soviet and American objections; the Soviets wanted eastern Germany under their sole occupation, and American military men did not consider joint occupation feasible. Finally, the Crimea agreement proclaimed that the Allies did not intend to destroy the people of Germany, but that Germany should pay reparation "to the greatest extent possible."

The declaration on "Arrangements for Control of Germany," signed by the commanders of the four Allied powers on June 5, 1945, not only fixed the details of the military surrender but set the pattern for civil administration under the occupation. In this document the Allies assumed supreme authority in Germany, "including all the powers possessed by the German Government, the High Command, and any state, municipal, or local

⁵ This Commission, whose seat was at London, consisted of Ambassador John G. Winant (U.S.), Sir William Strang (U.K.) and F. T. Gusev (U.S.S.R.). France, added to the Commission in November 1944, was represented by René Massigli.



NOTE: The Ruhr area has no accepted geographical definition but is generally taken to include the industrial cities of Duisburg, Essen, Bochum, Dortmund, Wuppertal and Düsseldorf. A French proposal for an international economic regime for the Ruhr included a precise geographical description of the area involved (text in *New York Times*, February 5, 1947). The Saar territory shown on the map covers the area which was under the League of Nations from 1920 to 1935, to which France added, in July 1946, the Rhineland districts of Saarburg and Wadern, thus extending it as far as the Luxembourg border.

government or authority." They would exercise these powers under a double system. Decisions of the Allied Control Council would be binding in all four zones. On matters not covered by such decisions, full authority rested with the commander in each zone.

The absence of detailed agreements on political and economic policy to be followed in Germany was one of the main reasons for the calling of the Berlin (Potsdam) Conference two months after Germany's surrender. President Truman, a newcomer to Big Three diplomacy, and Secretary Byrnes, who had accompanied Roosevelt to Yalta, represented the United States, Stalin and Molotov the Soviet Union, Churchill and Eden the United Kingdom. Midway through the conference, when the Labor victory in the British election was announced, Attlee and Bevin stepped in to replace their defeated opponents. The conference met at Schloss Cecilienhof, on the outskirts of the German capital, to deal with a wide range of topics but chiefly to discuss Germany. The greater part of the Potsdam decisions concerned the "political and economic principles to govern the treatment of Germany in the initial control period." These principles represented the common denominator of the policies which each of the three powers had evolved during the war. Three, not four powers, met at Potsdam; France, though admitted to full partnership in the control of Germany, was not invited. The Big Three still formed a restricted circle, and the Soviet Union insisted on keeping it so for this meeting. The conference, it is true, dealt with certain problems with which France had no direct concern, such as the war in the Far East and the inter-Allied difficulties in the Balkans; but the exclusion of France from the discussions on Germany was to have unfortunate consequences.

In addition to the already accepted principles concerning disarmament and demilitarization, destruction of the Nazi and military organizations and institutions, abolition of Nazi laws, removal of Nazis from office, and trial of war criminals, the Potsdam agreement contained positive recommendations on what was to replace the regime. The Allied powers were to pre-

pare for the eventual reconstruction of German political life on a democratic basis and for Germany's eventual peaceful cooperation in international life. They were to reorganize the judicial system in accordance with the principles of democracy, to control education with a view to eliminating Nazi doctrines and making possible the development of democratic ideas, to restore local government on democratic principles, and to encourage all democratic political parties and free trade unions. The word "democratic" appeared in almost every clause. As a common denominator, all three could agree to it. Experience later showed that it could be used to cover widely varying policies.

Administration, in the words of the agreement, was to be "directed towards the decentralization of the political structure." For the time being, no central government was to be established, but there would be central German administrative agencies in the fields of finance, transport, communications, foreign trade and industry.

The economic principles of the Potsdam agreement were sharply restrictive. Production of armaments, aircraft and sea-going ships was absolutely prohibited. Production of metals, chemicals and other items directly necessary to a war economy was to be restricted to peacetime needs; the exact levels would be worked out by the Allied Control Council. Cartels and other examples of excessive concentration of economic power were to be eliminated. The Control Council was to take over and dispose of German external assets.

Germany was to be treated as a single economic unit, with common Allied policies on industrial production, mining, agriculture, wages and prices, foreign trade, currency and banking, transport and communication and reparation.⁶ This was a crucial part of the bargain from the standpoint of the western powers, whose own zones would be deficit areas for some time to come. Allied controls were to assure the production of goods required to meet the needs of the occupying forces and essential to maintain in Germany average living standards not exceeding the average standards of European countries, not including

⁶ The Potsdam decisions on reparation are discussed on pp. 183-184.

Great Britain and the U.S.S.R. In organizing the German economy, primary emphasis would be placed on the development of agriculture and "peaceful domestic industries." Coal production was to be increased, agricultural output maximized, and essential transport repaired. Payment of reparation was to leave enough resources to enable the German people to subsist without external assistance; and the proceeds of exports were to be available, "in the first place," to pay for imports into Germany.

2. *The System of Four-Power Control*

The first few months following the German surrender were characterized by general confusion, while each occupying army tried to cope with the pressing problems resulting from the dissolution of an army and of a state. They had to round up the remnants of the *Wehrmacht*, restore essential services, set up local government, and deal with millions of footloose displaced persons. There was some shifting of armies, too, as the Americans had pushed into areas assigned to other powers and had to withdraw. When the western Allies sent forces to Berlin in July, there was further confusion and a debate with the Soviets on the system of supplying the capital with food. The Allied Control Council was officially set up on June 5, but the zone commanders were not yet in working contact with each other. What measure of coordination had existed in the west came to an end when SHAEF was dissolved shortly after the fighting stopped.

When it did begin to operate, the four-power governing machinery in Berlin proved remarkably complex and cumbersome. All the divisions, committees and "working parties" under the Control Council were organized on a quadripartite basis. Difficult questions which could not be solved on the lower levels would run the gamut of hierarchy up to the Control Council and then, as often as not, be dropped or referred to the four governments for resolution. These difficulties, compounded by differing political and economic philosophies and by the language barrier, were unavoidable in such a system of four-power

administration, where each of the four had a veto. The system was inefficient, but it seemed to be the only practical alternative to an outright split of Germany. And much unheralded but useful work was done by the Control Council in its day-to-day operations.

Agreements on basic questions in the Allied Control Council were few and far between. The chief villain of the piece, according to many official American pronouncements, was France. The third monthly report of the U.S. Military Governor (General Eisenhower) stated that "one of the difficulties encountered during September [1945] was the unwillingness of the French authorities to agree to the establishment of the central German administrative machinery provided for in the Potsdam agreement as necessary to the treatment of Germany as a single economic unit."⁷ This statement continued to appear in subsequent reports until the following April. By that time, annoyance with the French was overshadowed by the deadlock between the Soviet Union and the Americans and British on economic questions.

The French asked that the question of Germany's western frontiers be settled before German central administrative agencies were put in charge of areas which might later be detached from Germany. If the latter step were taken, they felt that they would have lost their case before they had a chance to argue it. The Potsdam agreement provided for central German agencies, but France did not sign the agreement and was not bound by it. The French objection was not to economic unity but to *German* unity. They accepted the idea of central administration so long as it was in Allied and not in German hands, provided the Saar should be turned over to French administration. But the effect of their attitude was to block the work of the Control Council and the execution of the Potsdam agreements.

The Soviet Union, on the other hand, professed a desire for central German agencies but opposed effective economic unity. Under a Soviet plan, put forward in April 1946, each zone com-

⁷ Military Government of Germany, *Monthly Report of the Military Governor, U.S. Zone*, No. 3, October 20, 1945, 1.

mander would have the authority to set aside regulations of the central German agencies without prior approval of the Control Council. This meant a veto on economic unity. The Soviet zone was more nearly self-supporting, and the Russians were reluctant to surrender its resources to help out the western zones. They apparently did not want economic unity so long as they were able to take goods from their zone and would get reparation deliveries from the western zones as well. American plans for effective central German agencies, for currency and banking reform, and for a common import-export program for Germany as a whole, had to be given up.

Failure to achieve agreement on basic principles in the Control Council led to divergent practices in the four zones. From the start, each zone commander took unilateral action in his zone, and was indeed forced to do so in order to avoid stagnation and breakdown. The result was the creation of four Germanies, each with a different political structure and each a field of experimentation for differing economic and social policies.

Military government in the American zone, carried on under the directive JCS 1067 and the Potsdam principles, was characterized by many shortcomings: untrained and constantly changing personnel, slowness in getting rid of Nazis, failure to understand social and cultural problems. Nevertheless, of all the four zones, the American showed the most progress in what might be called political rehabilitation. Where the Russians worked toward a system of one-party rule and the British and French, at first, kept the reins of government in their own hands, the Americans set about building a system of government by Germans, first on the local level, then in the three *Länder* (Bavaria, Württemberg-Baden, Great Hesse), and finally in a rudimentary central government at Stuttgart for the whole zone. Elections were held for *Land* assemblies, and each adopted a democratic constitution which was approved by popular referendum. The process of turning over governmental functions to the Germans themselves was stimulated partly by the American desire to reduce the occupation force, but it was also based on the idea that the best way to get the Germans on the

road to a democratic system was to give them some actual experience in democratic practices. Incidentally, the holding of elections proved the strength of the conservative Christian Democratic Union (Christian Social Union in Bavaria) in the American zone. It came out first in the elections, followed by the Social Democrats and, much farther behind, the Communists.

In economic affairs, administration of the U.S. zone presented some virtually insoluble problems. This was a part of Germany which did not support itself in foodstuffs and for whose industries coal and other materials had to be brought in. In the absence of an inter-zonal flow of goods, the zone had to be supported by the American taxpayers, at a rate of about \$200,000,000 a year. The American desire for economic unity had very practical reasons behind it.

In the other zones each of the occupying powers, its policies also guided by its political aims and its economic needs, went its own way. The British, holding the Ruhr, had the principal source of Germany's wealth and power, but the area depended on coal, and the Ruhr mines were not producing enough coal; there was not enough food for the miners, and there were not enough miners. The British had to feed their zone from outside, at a cost in precious dollars higher than that of maintaining the less populous and less industrial American zone. Politically, the Germans at first had less freedom in the British than in the U.S. zone. When elections were held, the Social Democrats came out ahead; the British appeared to be grooming their leader, Kurt Schumacher, for a prominent role in an eventually united Germany. The Christian Democrats proved almost as strong, while the Communists did poorly, with less than 10 percent of the votes.

Although the British announced their intention of nationalizing the iron and steel industries in their zone, the tendency of both Americans and British was not to undertake fundamental economic and social reforms, leaving that for eventual decision by the Germans. In the Soviet zone, on the other hand, measures were immediately taken to break up and distribute large landed estates and to expropriate large industrial enterprises. The

power of elements which might have opposed Soviet and Communist policies was thus broken. The Russians hoped that the German Communists would prove strong enough to take over political control. When that plan did not work out, they forced a merger of the Communists and Social Democrats into a new Socialist Unity Party in which the numerically inferior Communists were the more dynamic and thus the dominant element. Even this combined party, with official backing, could not get more than a bare majority in the elections held in the summer of 1946 in the Soviet zone. These elections attested the unpopularity of the Russian occupation, for despite the social reforms the Russians could not win many friends so long as their army was removing industries to Russia and was living off the land.

3. Poland and Eastern Germany

In the American wartime planning for the administration of Germany in the occupation period, one understandable error was to consider that country within its 1919-1938 frontiers. The agricultural areas in the east, it was assumed, would be essential for feeding Germany. While Poland might, and probably would, get some German territory in the peace settlement, that would come after the occupation. Then, at Potsdam, the United States agreed to the assignment to Polish administration of a large part of eastern Germany. This meant not only the loss of Germany's breadbasket, but also the addition of millions of destitute refugees from that area to the population of truncated Germany. It made the economic problem in Germany, even taking the country as a unit, immeasurably more difficult. The Morgenthau approach certainly made little sense after that decision, unless it were accepted that the Germans would be allowed to starve or would live on charity.

At Yalta the Curzon line was accepted as the eastern frontier of Poland. To compensate for the loss of predominantly non-Polish territory to Russia, Poland was promised "substantial accessions of territory in the north and west," at the expense of Germany. The United States and Great Britain were ready to

concede Poland's claim to East Prussia and to the greater part of German Upper Silesia, including its industrial area. Cession of East Prussia, though inhabited by Germans, would eliminate the Corridor, the issue on which the war had started, while the ethnic and economic arguments for uniting the entire Upper Silesian industrial area under Poland were strong. These accessions of territory were about all that the Polish Government in London had asked for. However, the Soviet-sponsored Polish group, which had been established at Lublin in Poland, proclaimed Poland's right to all territory up to the Oder and the western Neisse as "ancient Slavic lands" seized by the Germans centuries ago. Possession of this territory, it could be foreseen, would be no unmixed blessing for Poland. It would be a *terra irredenta* which could never be forgotten in Germany, whether the millions of German inhabitants remained or were expelled. To hold it, Poland would be absolutely dependent on Russian support; and there would always be an opportunity for Russia once again to join hands with Germany at the expense of Poland.

Although the French were not invited to Potsdam, Polish representatives came, at the insistence of Russia, to press their claims to the Oder-Neisse line. Poland could not wait, they said, for the future peace conference to fix the frontier. They argued that most of the German population had already fled from the areas in question, that it would be difficult to reorganize economic life unless they were given to Poland, and that the Red Army, lacking the necessary administrative personnel, had in fact turned them over to Polish administration.

The American and British delegations felt they could not do much about this *fait accompli*, which Stalin insisted be recognized. The best compromise they could obtain was the stipulation that "the final delimitation of the western frontier of Poland should await the peace settlement." Pending that settlement, Poland was to administer all German territory east of the Oder-Neisse line save the northern part of East Prussia. This latter area, including the city of Königsberg, was to be placed under Soviet administration; the United States and Britain

promised to support the Soviet claim to it at the peace conference. This promise placed the United States in a rather queer position unless it intended to recognize the Baltic states as Soviet republics. East Prussia was contiguous to the Soviet Union only if Lithuania, which the United States still recognized as an independent state, was considered a part of the Soviet Union.

At Potsdam and subsequently in the Allied Control Council the United States agreed also to the mass transfer of Germans from Poland and from the areas placed under Polish administration, as well as from Czechoslovakia and Hungary. German minorities in eastern Europe had been a source of international friction before the war; they had been used by the Nazis as instruments of aggression. During the war Hitler had moved masses of people all over Europe without regard to their welfare. Now Hitler's methods were being used on the master race itself, on a grand scale. For this expulsion of Germans involved over twelve million persons, including those who had already fled or been driven out: some nine million from Poland, two and one-half to three million from Czechoslovakia, and one-half million from Hungary. It was one of the great mass movements of human history.

When the Potsdam Conference met, the expulsion of Germans from Poland and eastern Germany was already taking place, under appalling conditions. Acceptance of this shift of population was a corollary of the agreement on turning over areas of eastern Germany to Poland. Poles and Germans could not be expected to work together harmoniously. The United States and Great Britain, unable to do anything about it, agreed with the Russians that the transfer would "have to be undertaken," contenting themselves with the qualifying provision, which they were unable to enforce, that "any transfers that take place should be effected in an orderly and humane manner." Having taken this decision on Poland, the Potsdam conferees could hardly reject the Czechoslovak request to expel its German minority. No one cared to be placed in the role of defender of the Sudeten Germans, especially the British, in view of what

had happened in 1938. The figure of 500,000 to be transferred from Hungary seems to have been included almost by accident; the Hungarian Government, anxious to deport proved Nazis, had made no request for the transfer of the entire German minority.

Moral considerations aside, the arrival of these hordes of penniless refugees greatly complicated the economic and social problems facing the occupation authorities in Germany. Under a decision taken by the Allied Control Council in November 1945, 2,750,000 were to be settled in the Soviet zone, 1,500,000 in the British, 3,000,000 in the American, and 150,000 in the French. This influx meant more mouths to feed. It meant greater population pressure. Despite war losses, the new rump Germany now had a population roughly equal to the 67 millions of the Germany of Versailles.

Immediately after the Potsdam Conference Poland began to refer to the German areas placed under its administration, on which Poles transferred from east of the Curzon line were being settled, as "the liberated western districts." Poland's ratification of the United Nations Charter contained the express condition that the frontier "determined" at Potsdam should remain inviolate. A popular referendum, held throughout Poland in July 1946, produced an overwhelming vote in favor of the incorporation of the new area into Poland. So far as the Polish Government was concerned, the Potsdam boundary was final. And, in fact, the Potsdam decisions represented a *de facto* territorial settlement which it would be most difficult for any future peace conference to reverse. For more than a year the United States said nothing to indicate that it had any intention of trying to reverse it.

The Russians, at Potsdam, were in a strong tactical position, for it became apparent, toward the end of the conference, that they were willing to let it end without an agreement. The Americans, while they had taken a strong line, were not prepared to let the conference collapse; to obtain the final agreement they had to accept some points, such as these arrangements on eastern Germany, for which they had no liking.

4. *France and Western Germany*

The amputation of territory in the east, said President de Gaulle after the Potsdam settlement, had turned the current of German vitality westward and made particularly urgent a counter-balancing settlement in the west. Understandably obsessed with the idea of security, France found no willingness on the part of the Big Three to give a sympathetic hearing to French views on the disposition of the Rhineland, the Ruhr and the Saar. De Gaulle and Bidault discussed the question with Secretary Byrnes in August 1945. When Bidault brought it up again at the Council of Foreign Ministers at London in September, he was told to pursue it through regular diplomatic channels. Couve de Murville visited London and Washington later in the year. He received a respectful hearing but no support for the French demands.

What were the French demands? Briefly, France wanted to separate the Saar, the Rhineland and the Ruhr from Germany. The Saar would be annexed, or at least incorporated into the French economy. The Rhineland, from the Swiss to the Netherlands frontier, would be a separate state under permanent French occupation. The Ruhr would be placed under an international regime, with its industries largely in French, Belgian and Dutch hands and German ownership excluded. French concern with the Rhineland was military and political; with the Saar, economic; with the Ruhr, a combination of all three.

The United States and Great Britain did not think much of the French proposals, but they had not yet finally determined their own policies on western Germany. They put the French off, giving them no encouragement, but no definite refusal, and telling them that such questions should await the peace settlement. The Soviet Government kept silent on the subject. One of the few diplomatic weapons the French had for obtaining recognition of their views was to hold up the work of the Allied Control Council in Berlin by the exercise of their veto. They held it up most effectively, preventing the establishment of central German agencies as agreed at Potsdam, but they did not

succeed in forcing the other powers to settle the question of western Germany.

None of the other three powers favored the splitting off from Germany of large German-populated areas in the west. There was no separatist feeling in the Rhineland, as the French discovered after the first World War and were discovering again. German nationalism and militarism would undoubtedly thrive in the atmosphere created by loss of the Ruhr and the Rhineland. Starvation and economic disaster would be the fate of the rest of Germany if left to support a large population without the resources of the Ruhr, the Saar, or Silesia. The French did not deny the validity of some of these arguments. They merely said that it was not worth taking the chance of allowing Germany to recover its strength. They put no faith in the idea of educating the Germans to be peaceful, and were skeptical of the value of political guarantees against German aggression. So long as Germany, more populous than France, possessed the coal and iron of the Ruhr and the strategic position of the left bank of the Rhine, Germany would be a menace. France needed physical guarantees. France, not Germany, should become the leading industrial power of western Europe, and this shift of power could be made certain only by territorial changes.

The French policy in Germany was unanimously approved by the Constituent Assembly in January 1946. On this issue de Gaulle, the MRP and the Communists stood shoulder to shoulder. The policy was popular in France, but the fact remained that it was not successful. The Socialists, the third element in the governing coalition, began to advocate a less intransigent and nationalistic policy which might stand some chance of acceptance by Britain and America. Socialist leader Félix Gouin, who was chosen president on de Gaulle's resignation, proposed international control of the Saar, Rhineland and Ruhr without a change of sovereignty. Léon Blum argued for a practical rather than a doctrinaire nationalist approach to the problem. Gouin's policy was a part of his plan for an Anglo-French alliance, which was scarcely possible so long as the two countries were far apart on German questions.

The Socialist defection did not change the official French policy, which Bidault presented to the Council of Foreign Ministers in Paris in May 1946, at the conclusion of the harrowing and unsuccessful talks on the Italian peace treaty. Not even a full exchange of views took place in the two days which the Council allotted to a "preliminary" discussion of German problems. France's only crumb of satisfaction came from the British. Bevin, reporting to Parliament on the session, said that he could not, at Paris, agree to the separation of any part of Germany without going into the subject of Germany's frontiers as a whole. However, "in any final settlement His Majesty's Government . . . do favor the transfer of the Saar to the French."⁸

The French Communists were vociferous in advocating the separation of the Ruhr from Germany. The German Communists, on the other hand, were taking up the cry of German unity (except for the eastern provinces). Where did Moscow stand? It stood, the world learned on July 9, on the side of the unity of Germany, much to the discomfiture of the French Communist Party and also of Bidault, who had been most conciliatory toward Russia. In a statement to the Council of Foreign Ministers, Molotov remarked that it had become fashionable to talk about separation of the Ruhr from Germany; but without the Ruhr, he said, Germany could not exist as an independent and viable state. If some part of Germany, by plebiscite, should choose to become separated, that was another matter. The Soviet Union would not oppose self-determination. This qualification was no consolation to the French, who knew well enough that the inhabitants of the Ruhr and the Rhineland were not longing for independence.

In the face of opposition from all three powers, France began to waver. There was no outward acceptance of the Socialist point of view, but less was said about the Rhineland, and more emphasis was placed on the economic as distinguished from the political separation of the Ruhr from Germany. One of the government's main problems, after its long campaign of propa-

⁸ *Parliamentary Debates*, House of Commons (*Weekly Hansard*), June 4, 1946, 1852.

ganda for the official policy, was to convince the French public that there were other ways of achieving security. The Communists managed to explain Molotov's speech to their own satisfaction, but the MRP leaders were not eager to admit failure. To ease the situation for Bidault and the non-Communist elements in France, Britain and the United States talked of the possibility of a special international economic regime for the Ruhr,⁹ and promised to meet French views on the Saar. In his Stuttgart speech of September 6, 1946, Byrnes followed Bevin's lead in stating that the United States "did not feel that it could deny to France . . . its claim to the Saar territory."

The French, meanwhile, were preparing the ground for taking over the Saar, which was in their occupation zone. They organized mass demonstrations of loyalty to France. They won some support by introducing special food rations and driving home the idea that by cutting loose from Germany the Saar would avoid the payment of reparation and the economic chaos engulfing the Reich.

In July 1946 the French added to the Saar administrative area two rural Rhineland districts containing some 79 communities. In December they set up a customs barrier between the Saar and the rest of Germany. Still, without the agreement of other powers, France would not have the right to use all the Saar coal, which French industry needed so badly. Like Ruhr coal, that of the Saar was allocated to liberated countries by the European Coal Organization. The French awaited the Moscow Conference on Germany with the hope of clearing the last barrier—the absence of Soviet approval—to the integration of the Saar in the French economy.

5. *The Reparation Tangle*

A separate section of the Potsdam agreement dealt with reparation, a subject which was in many ways the touchstone of Allied economic policy in Germany. Here, despite general ac-

⁹ Bevin said on June 4 that he believed the Ruhr should become "a separate province under international control, to be fitted ultimately into a federal Germany" (*loc. cit.*).

ceptance of the principle that Germany must pay at least partial compensation for the immense havoc wrought in Allied nations, there was a fundamental difference of approach. The Russians were interested in getting from Germany as much as possible as soon as possible. The United States and Great Britain, recalling the experience of the Versailles reparation settlement, were skeptical as to how much could be extracted from defeated Germany. Any reparation program, they felt, should be judged by its effect on their own economic interests and on general economic conditions in Europe, as well as in Germany itself. They did not want to subscribe to any settlement which would throw back on them the burden of financing German reparation to other countries. And they saw the danger of allowing Germany to build up its industries just to pay reparation from current production for a limited period.

At the Yalta Conference, where it was agreed that Germany should compensate "to the greatest extent possible" for damage done, the Soviet Government proposed \$20 billion as the sum to be paid, half of it to the U.S.S.R., in capital equipment, external assets, current production, and labor. President Roosevelt accepted this proposal "as a basis for discussion" by the tripartite Reparation Commission which was to meet in Moscow. The British, more cautious, attached a written reservation. The Commission agreed that it was not possible to specify a fixed amount to be paid by Germany, and that the shares of receiving nations should be fixed in percentages, not in dollars or fixed quantities of goods. That was about as far as agreement went at Moscow. The Commission never really came to grips with the problem.

At Potsdam a new approach was adopted. Germany would pay reparation in the form of such industrial capital equipment as was unnecessary for its peacetime economy, and in German assets abroad. The Soviet and Polish share would be taken from the Soviet zone of Germany, the shares of other Allied nations from the western zones. The Soviet Union would get, in addition, 25 percent of the equipment removed from the western zones, paying for 15 percent in food, coal, oil and other prod-

ucts and receiving the remaining 10 percent without payment. The western powers renounced claims to German assets in the former Axis satellites in eastern Europe and in the Soviet zone of Austria, while the U.S.S.R. renounced claims to German assets in other foreign countries.

Having failed to agree on a general program for reparation from Germany as a whole, the Big Three took the simpler course of handling it on a zonal basis. This had definite advantages from the American viewpoint. The Soviet Union was already taking what it wanted from its zone and from the Balkan satellites, and the western powers had been unable to do anything about it. The agreement was an acceptance of accomplished facts. At the same time, Soviet claims to German assets elsewhere were eliminated, and Soviet claims to equipment from western Germany were limited to a fixed percentage; the goods to be received in return should ease the economic difficulties in western Germany, while opening up economic relations between eastern and western Europe. The transfer of capital equipment from Germany to Allied countries, it was hoped, would hasten reconstruction in those countries. Finally, no provision was made for reparation from current production, for which the Soviets had pressed at Yalta, although the arrangement for deliveries by the Soviets of potash and other goods which could only come from eastern Germany could be taken as opening up the question.

The immediate task set by the Potsdam agreement, and one that was supposed to be completed in six months, was the determination of how much plant and production were to be allowed to Germany to meet its peacetime needs. The Plan for Reparations and the Level of Postwar German Economy was finally agreed upon at the end of March, 1946. This "Level of Industry" agreement, as it came to be known, allowed Germany an industrial capacity roughly 50 to 55 percent of the 1938 level, and somewhat below that of 1932, at the bottom of the depression. Certain industries essential to war production, like aluminum, synthetic gasoline, and ball bearings, were to be eliminated. For producers' goods industries the average permitted

capacity was 40 percent, for consumers' goods 75 percent. Steel was the key item. Germany was allowed a capacity of 7.5 million tons per year, and a production of 5.8 million tons. This compared with a production of 18 million tons in 1929. Britain argued consistently for a higher figure, on the ground that Germany must be made to sustain itself by its own production. The Soviets favored a lower figure, principally because they wanted a maximum in reparation. The United States also favored a lower figure, chiefly as a security measure. The agreement was, according to an American source, an effort "to strike a balance between the requirements of economic disarmament and of self-support."¹⁰

In the meantime an 18-nation conference on reparation was held in Paris to determine the shares of claimant countries in the equipment to be taken from the western zones of Germany, not including the 25 percent scheduled for delivery to the U.S.S.R. Participating were the United States, Great Britain, the British Dominions, and all the European Allied states except Russia and Poland. No fixed amounts were set, only percentage shares. The total amount was a matter for decision by the Allied Control Council in Berlin. The United States was successful in keeping out of the final agreement reference to current production as a source of reparation. Yet the Final Act did provide that the agreement to consider the allotted shares of capital equipment as covering all claims against Germany was without prejudice to "the right which each signatory government may have with respect to the final settlement of reparation." Twelve nations signed a resolution requesting that existing stocks and current production not be excluded as sources of reparation. They all had large claims, totalling billions, and were not happy about receiving only second-hand industrial equipment of doubtful value in as yet unknown quantities.

The Paris agreement established an Inter-Allied Reparations Agency, with its seat in Brussels, to allocate specific items as they were made available by the Allied authorities in Germany.

¹⁰ Office of Military Government for Germany (U.S.), *A Year of Potsdam* (Berlin, 1946), 23.

Throughout 1946 the Agency had little to do, owing to the bogging down of the whole reparation program. One hundred twenty-two plants (mostly war plants and aircraft factories) and 227 German ships were assigned to the Agency; it allocated to member nations all the shipping and thirty-one of the plants, but actual deliveries from Germany amounted to only 20 per cent of the total allocation. The Agency sent a series of reminders to the four powers that the program was getting nowhere.

The Potsdam decisions on reparation broke down largely because other clauses of the Potsdam agreement, notably the provision for the treatment of Germany as an economic unit, were not observed. The Level of Industry agreement was based on five principles, which were not necessarily consistent with each other: (1) industrial disarmament of Germany, (2) payment of reparation, (3) development of agriculture and peaceful industries, (4) maintenance of living standards not above the European average, and (5) retention in Germany, after payment of reparation, of sufficient resources to enable her to maintain herself without external assistance. It was also conditioned by the express assumption that Germany, between the Oder-Neisse line and the existing western boundaries, would be treated as an economic unit.

The western powers expected the Russians to supply food and other commodities to the western zones. They waited in vain. Moreover, the Russians proceeded to take both capital equipment and currently produced goods from their zone, without reference to the Allied Control Council, though this was not in accord with the British and American interpretation of the Potsdam agreement that payment for imports, considering Germany as a whole, should have priority. Several times the Soviet representatives refused to discuss the treatment of Germany as an economic unit and the establishment of a common import-export program for all Germany. They also indicated that they did not regard the Potsdam agreement as the final word on reparation. This attitude led General Clay, U.S. Deputy Military Governor in Germany, in May 1946, to suspend

the dismantling of plants in the American zone for reparation. This policy was tacitly followed by the British and French, and the execution of the Potsdam reparation program came to a halt.

Molotov, speaking to the Council of Foreign Ministers in July, went back to the Russia's \$10 billion claim put forward by Stalin at Yalta, alleging that President Roosevelt had agreed to it. The Soviet Union had not given up its demand for reparation from current German production. Byrnes and Bevin took their stand on Potsdam. The question seemed hopelessly deadlocked.

The deadlock did not mean that the Allied powers were not getting any material benefits from their victory. The Soviets had removed factories and goods from their zone. The French had done likewise. Soviet-organized commercial companies had taken over certain plants in the Soviet zone. The German navy and merchant fleet had been divided among the Allies. German external assets, except in certain neutral countries which would not give them up, had been seized. German patents had been made available. All the occupying powers were making use of German scientists and were benefitting from the labor of prisoners of war.

6. German Economy and European Recovery

While the wrangling over reparation deliveries and over economic unity went on, Germany was sinking into an economic morass. Production was nowhere near even the low levels set in the Level of Industry agreement. There was too much currency and not enough goods. The food rations were below the minimum for sustaining life, health, and the incentive to work. There was no question that Germany was reduced to impotence. Had that been the sole purpose of the victors, the occupation could be counted a success. But Germany had become a kind of plague-spot. Two facts emerged clearly. First, German stagnation was delaying the recovery of Europe; only Communism would benefit from that state of affairs. Second,

British and American taxpayers were paying at the rate of over half a billion dollars annually to keep the British and American zones going.

Germany lay in the heart of Europe. German rivers and railways were the arteries of the economic life of the continent. The coal of the Ruhr, before the war, supplied many countries besides Germany. German machinery was installed in mines and factories all over the continent. The energy and skills of the German people had long been important factors in Europe's productive capacity, and trade with Germany was essential to the prosperity of both western and eastern Europe.

While Germany's central economic position in the prewar period was universally recognized, there was much difference of opinion within and among the Allied nations concerning the position Germany should be allowed to have in the future. American policy, in 1944 and 1945, tended to subscribe to the thesis that, in the interest of security and of reparation to Allied countries, the role of Germany should be greatly diminished. Economic power, after all, had helped Germany to dominate other nations and to conquer all of Europe. The FEA program envisaged a redistribution of industrial power in Europe through the relocation of German plants in France, Belgium, Czechoslovakia and elsewhere.

The Level of Industry agreement of March 1946 was based on this general approach. In practice it did not produce the desired results. The Potsdam and Paris agreements on reparation assigned only a limited amount of German industrial equipment to the countries of western Europe which were expected to replace Germany as a source of goods. Moreover, few factories were actually removed owing to the breakdown of the Potsdam agreements, and the value of transplanted German factories in new locations had been overestimated. Finally, the facts of geography remained unchanged. Germany was still in the center of Europe.

The policy of de-industrialization of Germany, especially in such industries as steel, had never had unqualified Allied acceptance. There was, indeed, a certain air of unreality in the atten-

tion given to economic disarmament. The Ruhr had become a symbol of military power, since in two world wars it had been Germany's arsenal. Whether it would still have the same importance in the atomic age was open to doubt. Moreover, the proposals being made on control and inspection in connection with atomic energy indicated an approach to a solution to the problem of security which would avoid the necessity of de-industrialization.

The British, interested in rapid recovery in Europe, and in taking from the back of the British taxpayer the burden of supporting a deficit area in Germany, never liked the Level of Industry plan. The influential London *Economist*, which called Potsdam "a mixture of political revenge and economic folly," had inveighed against the restrictive policy from its inception. In Holland, Belgium, and Denmark, practical considerations led to demands for an increase in German production and German trade. The Low Countries wished to recover for their ports the valuable transit traffic on which their prosperity depended. Premier Schermerhorn of the Netherlands stated that, since Germany was normally his country's principal customer, de-industrialization would be disastrous. Early in 1946 the small western European nations, through the Emergency Economic Committee for Europe, urged the diversion of more Ruhr coal to the production in Germany of soda ash and caustic soda, which they needed urgently, but they received a negative answer from the Allied Control Council. The European Central Inland Transport Organization inquired as to the possibility of the manufacture of transport equipment in Germany, a certain amount of production to be allocated to Allied countries. The Control Council replied, in effect, that Germany should not be considered the workshop of Europe.

In American circles there was increasing support for the point of view that European recovery was dependent on stimulating production, in Germany as in other countries, and in breaking down the barriers within Germany, between western and eastern Europe, and between Germany and the rest of Europe. The German economy, under that theory, should be in-

tegrated with, not isolated from, that of Europe and the world. By insisting that German trade be conducted on a multilateral, nondiscriminatory basis, the Allies could prevent Germany from using trade as a means of dominating smaller nations. Certain controls on key industries could be maintained, but the chief reliance for security against German aggression would be placed on effective political guarantees.

The increasing tendency of American officials to think in terms of making Germany a going concern, to stress the reconstruction clauses of the Potsdam agreement, rather than de-industrialization and reparation, lay behind the intensified efforts made during the spring and summer of 1946 to obtain economic unity, although the more immediate motive was to reduce the cost of supplying the American zone from the United States. Admittedly, the low level of German economy was due not to Potsdam or the Level of Industry agreement, but chiefly to shortages of food and coal and to the failure to unify the country economically. American policy held to the Potsdam decisions as providing the means of reviving German production to the point where the country could subsist without outside aid.¹¹ But if other powers were going to ignore key points of the Potsdam agreement and thus make it impossible to achieve this aim, the United States would review its position. The proposal to establish six central administrative agencies, put forward by the United States in April 1946, called for the sharing of German resources among the four zones, the consolidation of export-import programs, an agreed program of industrial production, and coordination of transportation, communications and financial policies. Since it envisaged also the breaking down of the zonal authorities, a proposal not acceptable to the Russians, the American plan was stillborn.

This situation led Secretary Byrnes, on July 11, 1946, to make his offer, "as a last resort," to join the American zone economically with any other zone. The offer would remain open to any

¹¹ Statement by the Department of State, December 12, 1945 (*United States Economic Policy toward Germany*, Washington, 1946, 93-104); Military Government of Germany, *Central German Agencies*, Special Report of the Military Governor, U.S. Zone, May 1946.

of the occupying powers which did not choose to accept it immediately. "We cannot continue to administer Germany in four airtight compartments," Byrnes told the Council of Foreign Ministers. "The continuation of the present situation will result in inflation and economic paralysis. It will result in increased costs to the occupying powers and unnecessary suffering to the German people. . . . We feel it our duty to exhaust every effort to secure the cooperation of the occupying powers in administering Germany as an economic unit."¹²

Britain was receptive to the Byrnes proposal, accepted it in principle, and later negotiated a formal agreement for the economic fusion of the British and American zones.¹³ Already functioning in many fields, it formally went into effect on January 1, 1947. The Soviet Government did not accept it, and criticized the British-American merger as a step designed to divide Germany, not a contribution to German unity. France also declined, on the ground that four-power cooperation should be maintained in Germany. The French were not willing to antagonize the Soviet Union by accepting a fusion with the American and British zones, thus forming a solid western bloc and splitting Germany into two parts. The arrangement did have political aspects, for it put the western powers in a better bargaining position with the Russians. It gave them a chance to organize western Germany and make it self-sustaining in three years, a possible attraction to eastern Germany.

7. Keeping Germany Disarmed

For all the Allied nations, the quest for security was a major factor in determining their views and policies on Germany. Security considerations were the principal basis for some of the intransigent attitudes on political questions which made Allied agreement so difficult. In other cases, they served as a convenient pretext. The bearing of security on economic policies was

¹² *United States Economic Policy Toward Germany*, 149.

¹³ Text of "Memorandum of Agreement," December 2, 1946, in Department of State, *Bulletin*, XV, December 15, 1946, 1102-1104.

partly responsible for the muddle at which economic affairs in Germany had arrived.

The United States had taken the lead in forming a world security organization. It had accepted responsibilities in Germany. Yet uncertainty persisted in Europe over American staying power and willingness to make precise long-term commitments. American military forces in Europe were melting away with astonishing speed. In January 1946, American soldiers engaged in public demonstrations, proclaiming their desire to go home. Some nations, such as France and Britain, seem to have feared an early American withdrawal from responsibilities in Europe. The Soviet Government seems to have hoped for such a withdrawal. To put an end to any uncertainty on this point, and to remove the excuse for unilateral acts taken in the name of security, Secretary Byrnes put forward the idea of a long-term four-power treaty to enforce German disarmament. He had mentioned it to Stalin and Molotov in Moscow in December 1945 and believed he had their acceptance in principle. Having obtained bipartisan support for it in Washington, he submitted his Draft Treaty on the Disarmament and Demilitarization of Germany to the Council of Foreign Ministers in Paris in April 1946.

This was a revolutionary step in American foreign policy. It was a commitment such as France had asked for in 1919 but not obtained. It was an American guarantee against German aggression for a period of 25 years. It implied, as Bevin later said to the House of Commons, "the acceptance on the part of the United States of obligations . . . which will . . . bring immense relief to millions of toilers throughout Europe."¹⁴ Byrnes regarded it as a fundamental attack upon the German problem. He was, therefore, greatly disappointed to see the proposal subjected to bitter denunciation by Molotov and given a cool reception by the French.

There was considerable talking at cross purposes, partly the consequence of the way in which the treaty had been drafted and presented. The Russians seem to have expected a mutual

¹⁴ Speech of June 4, 1946 (*loc. cit.*).

assistance pact; when they were presented with a treaty on disarmament, they questioned the motives behind it. Molotov pointed to the existing agreements on disarmament, the declaration of June 5, 1945, and the Potsdam decisions, which he said had not been carried out in the western zones, and asked why a 25-year treaty was necessary when the Allies were already pledged to disarm Germany. Molotov seized on the reference to the termination of the Allied occupation as a proposal to end it at an early date "irrespective of the fulfillment of reparation deliveries," and to substitute for it an inadequate treaty.

Byrnes pointed out that a treaty to guarantee German disarmament, and enforce it through a control system, was better than a mutual assistance pact. He said the treaty was a supplement to existing agreements on disarmament, not an attempt to by-pass them. He gave assurances that the United States was prepared to occupy Germany as long as necessary and to exercise strict control to guarantee disarmament for 25 years thereafter, or for 40 years if the other powers wished. The Soviet objections, he said, were on points the treaty was not designed to cover. These explanations did not change the Soviet attitude.

The discussion of the American draft treaty in the Council of Foreign Ministers included charges by the Soviet Delegation that the western powers, especially Britain, had not disarmed all the German forces in their zones. On the other hand, the British had information to the effect that German factories in the Soviet zone were producing armaments. Bevin offered to let observers go into the British zone and see for themselves the baselessness of the Soviet charges. Byrnes then had General Clay request the Allied Control Council to appoint a four-power commission to go into every zone to investigate all phases of disarmament, including the production of war material. Owing to Soviet objections to such broad functions, the proposal was dropped.

Later the Russians had a change of heart. In January 1947, four-power teams began a continuous program of inspecting war plants in all zones to determine progress toward the elimination of Germany's war potential. This was the sort of control

mechanism which the U.S. proposal envisaged for a 25-year period. If the Soviet objections to the treaty were based on misunderstandings, it might be given a more favorable reception at some later meeting of the Council on Foreign Ministers. If their real objections were to having such a treaty at all, or to having the United States committed to share in the control of Germany for a generation, undoubtedly they could continue to find pretexts for its rejection.

8. Competition for Germany's Favor

The four Allied powers were agreed on the destruction of Germany's war machine, the abolition of the Nazi Party, and the construction of a new political life in Germany. They agreed, at Potsdam, that the new political institutions should be democratic. In theory, the occupying powers would teach the Germans to be peace-loving and democratic, would eventually conclude peace with Germany, and would then withdraw. Even had there been no conscious policy on the part of the individual occupying powers to win over the Germans as actual or potential allies, the fact that each introduced its own political conceptions into its zone inevitably brought about a measure of competition for Germany's favor.

It was known that German nationalists, and most Germans fitted that description, would grasp at the chance to play the Allies against each other and in that way to seek some role for Germany in the postwar world other than that of a defeated and impotent nation. The knowledge did not prevent the Soviet Union and the western powers, as relations between them worsened, from jockeying for position in Germany. It might not be correct to say that either side was trying to win Germany as a future partner in its own zone of influence, but certainly each side was intent on keeping Germany out of the zone of the other.

Before they entered Germany the Russians had made their plans for political action in their zone. German Communist leaders had been in Moscow a long time, being groomed for

leadership. In June 1945, before Potsdam, the Soviet authorities authorized the reestablishment of anti-fascist political parties and trade unions. Communists were chosen to fill key administrative positions. After the formation of the Socialist Unity Party, although the Christian Democratic and Liberal parties were allowed to exist, all signs pointed in the direction of a one-party monopoly of political power. Did this mean that the Soviets were attempting to build a political machine that could take over control of all Germany when the occupation was over? The other occupying powers suspected that it did.

In the other zones organized political activity started later. In the American zone, parties were at first banned under JCS 1067. After Potsdam, they were allowed first on the local, then on the *Land*, or state, level. While the Russians seemed to be organizing a political system designed to function in a centralized Germany, the Americans emphasized the individuality of the *Länder* as the basic units of a future federalized Germany. In the states of the American zone, a combination of Weimar and American constitutional democracy was developing. "Re-education" in the American zone aimed at replacing Nazi doctrines with those of liberal democracy. The British, following similar lines in their zone, were also partial to the idea of a federal rather than a centralized Germany.

As the time approached for the creation of a central German government and the conclusion of a peace treaty, increasing attention was paid to the German people and to German opinion in the calculations and pronouncements of the Allied powers. The first clear statement of Soviet policy on Germany was Molotov's statement of July 10, 1946, to the Council of Foreign Ministers. Parts of it were directed to the German people as much as to his colleagues around the table. He spoke out against any "dismemberment" of Germany and against federalization. Also, he offered hope of a better economic life. Germany should not be "agrarianized," he repeated several times. The peaceful industries of Germany should be given an opportunity to develop on a wider scale than that provided in the Level of Industry plan, subject only to necessary Allied control. This was a

complete reversal of previous Soviet policy on de-industrialization.

Emphasis on Molotov's statement as an appeal to German opinion should not be too strong. Many of his points were directed toward strengthening the Soviet position, such as the proposal for four-power Allied control of the Ruhr industries and his insistence on reparation deliveries. Nevertheless, some of his remarks were intended for a German audience. The comparable statement of American policy toward Germany, made two months later, was delivered directly to a German audience on German soil.

In the first week of September, Secretary Byrnes left the bickerings of the Paris Conference for a few days to take a trip into Germany. At Stuttgart, on September 6, he made a speech which was a landmark in the enunciation of American policy. While it did not set forth any new doctrines, its whole tone and content, as well as the circumstances in which it was delivered, indicated a fresh and more positive American approach. The Secretary told the Germans that they must realize that the basic cause of their suffering was the war which the Nazi dictatorship had brought upon the world; that they must do their part to repair the devastation caused by German militarism; and that some of the victims of Nazi aggression were worse off than they. At the same time, he directed attention to constructive effort for the future.

The Potsdam agreements had broken down, Byrnes admitted; on vital questions the Allied Control Council was neither governing Germany nor allowing Germany to govern itself. Therefore, the need for economic unity was urgent. The time had come, he said, when the zonal boundaries should be regarded as defining areas occupied only for security purposes; the zones should not be self-contained economic or political units. According to the principles of Potsdam, said the Secretary, the German people were not to be denied the right to build up their industries for peaceful purposes. The United States would not agree to the taking of greater reparation than was agreed at Potsdam. If the Potsdam agreement was not going to be

observed, then the level of industry plan would have to be revised. Germany, Byrnes pointed out, was a part of Europe, and recovery in Europe would be "slow indeed if Germany, with her great resources of iron and coal, is turned into a poorhouse."

Turning to political affairs, the Secretary said that the time had come to give the German people primary responsibility for running their own affairs. The purpose of the occupation, he said, was not to maintain a prolonged foreign dictatorship. Without delay, the Allies should let the Germans know the essential terms of the peace settlement. Germany should have a democratic central government which could accept those terms, but not "a strong central government dominating the German people instead of being responsible to their democratic will." It should be a national council composed of the chief officials of the several states or provinces established in the four zones. That council should undertake the preparation of a draft federal constitution for Germany.¹⁵

On territorial questions Byrnes had further remarks pleasing to German ears. He recalled that, at Potsdam, certain areas had been placed under provisional Polish administration, then emphasized that there had been no agreement to support at the peace settlement the cession of this particular area. The United States would support a revision of frontiers in Poland's favor, but was not committed to acceptance of the Oder-Neisse line. The arguments for a more reasonable frontier were somewhat belated. They produced a strong anti-American reaction in Poland. While German opinion was pleased, how the United States could undo the Potsdam "provisional" settlement was a question which found no ready answer. But Byrnes had at least forced the Russians to choose publicly between Germany and Poland on this issue. They chose Poland.

As for the western frontiers, Byrnes matched Molotov's statement on German unity, making an exception in the case of the Saar, which the United States "did not feel that it could deny"

¹⁵ Byrnes developed this idea of federalism in a speech before the American Club in Paris on October 3, 1946, largely to reassure the French, who were not happy about the speech at Stuttgart (Department of State, *Bulletin*, XV, October 13, 1946, 665-668.)

to France. "So far as the United States is aware," he said, "the people of the Ruhr and the Rhineland desire to remain united with the rest of Germany. And the United States is not going to oppose their desire." The United States would not favor any controls that would subject those areas to "political domination or manipulation of outside powers." This shaft was aimed not only at the French but also at the Russians, who wanted a share in Allied control over the Ruhr.

The Stuttgart speech was a clarification of American policy which in many respects was long overdue. In a sense, it was a bid for influence in the future Germany, a countermove to Soviet policies aimed at eventual control of Germany. Perhaps the most important single sentence in the speech was the following: "It is not in the interest of the German people nor in the interest of world peace that Germany should become a pawn or a partner in a military struggle for power between the East and the West." A political and economic struggle between east and west was going on at that very time. As it became intensified, it was difficult for each participant to resist the temptation to seek in Germany, or in parts of Germany, support for its own position.

9. *Austria*

The three major Allies, at Moscow in 1943, agreed to the restoration of Austria as an independent, democratic state. This was a simple declaration of intent, with no indication of how it was to be done. Who would occupy Austria? The Russian armies, in the autumn and winter of 1944, made the swiftest strides toward central Europe. Not until April, 1945, was the Soviet Government ready to discuss the division of Austria into zones of occupation. The assignment of zones in Austria and in Vienna and the arrangements for a four-power Allied Commission were then worked out in the European Advisory Commission. Negotiations were finally concluded in July; by that time the military forces of the Allies had been in occupation of different parts of Austria for several months, each in its

own way trying to bring some order out of the administrative and economic chaos which followed the collapse of the Nazi state.

Austria's position was anomalous. According to official Allied statements, it was the first victim of Nazi aggression, not an enemy nation. Yet for seven years Austria had been an integral part of Nazi Germany and had sent fighting men to all fronts; it had made no effective contribution to its own liberation. Austria had had no government-in-exile. Though calling it a "liberated" nation, the Allies had nevertheless decided to occupy the country and to set up military control, just as they had in Germany.

Soviet forces broke into Austria in April, 1945, and captured Vienna. Almost immediately came the surprise announcement that a provisional Austrian government had been formed in the capital. The Soviets, by setting up a similar regime in Hungary a few months before, had already shown that their policies in central Europe were concerned less with legal forms and conventions than with political opportunities. The Yalta Declaration on Liberated Europe had spoken of broadly representative interim governments. This was such a government, said the Soviets. As a matter of fact, it *was* representative of the principal anti-Nazi parties: the (Catholic) People's Party, the Social Democrats, and the Communists. At its head was the veteran Socialist leader, Karl Renner. A Communist, significantly, held the Ministry of Interior.

The western powers took no notice of the new government. They went ahead with their own plans for strictly military government in their own zones. The assignment of zones in the four-power control agreement was as follows: Lower Austria and the Burgenland to the Russians, the Linz-Salzburg area to the Americans, Styria and Carinthia to the British, and Tyrol to the French (see map, p. 168). It was an unequal division. The Soviet zone, beside being the largest, contained important industries and the best agricultural land; the others contained mostly Alpine scenery, though the British zone was partly industrial.

The Allied Commission for Austria did not hold its first meeting until September, 1945. In the intervening months the Allies had a taste of the difficulties involved in governing a country the size of North Carolina in four watertight compartments. The resources in the Soviet zone went chiefly to support the army of occupation, to the discomfiture of the Austrians. In the other zones it was impossible to get economic activity started or to provide enough food for the population without free movement of persons and goods throughout the country. The situation was complicated, particularly in the American zone, by the presence of hundreds of thousands of wandering displaced persons and refugees, who had somehow to be cared for.

The military authorities in the American zone, under General Mark W. Clark, did what they could to carry out the basic policy directive issued by Washington.¹⁶ It stated that the policies set forth in the Instrument of Unconditional Surrender of Germany were to be carried out "insofar as they are applicable in Austria." Among the stated aims of American policy, which were to be urged on the other occupying powers, were the elimination of Nazism, Pan-Germanism, militarism, "and other forces opposed to the democratic reconstitution of Austria"; the complete separation of Austria from Germany; the restoration of local government and the eventual establishment of an elected central government; the apprehension of war criminals; the care and repatriation of displaced persons; and the development of "a sound Austrian economy . . . not vitally dependent on German supplies, markets and technical and financial assistance."

American officials became convinced that the sooner administration could be turned over to Austrians, on a national basis, the better would be the chances for the achievement of the American objectives. The Soviet Government had made such a proposal at Potsdam in July, 1945. The United States was ready to recognize the Renner government after it had undergone some changes following a congress of leaders from the western

¹⁶ Department of State, *Bulletin*, XIII, October 28, 1945, 661-673. The directive was issued on June 27, 1945.

zones. One of those changes deprived the Communist Minister of the Interior of control over elections and over the police. In October the Allied Council declared the authority of the provisional government, "under the guidance and control of the Allied Council," extended to the whole of Austria. One of its main duties would be to hold free elections.

The national election held in all four zones on November 26, 1945, was, so far as observers could judge, free and fair. It resulted in a crushing defeat for the Communists, who won but five percent of the votes. The conservative People's Party came out first, with the Social Democrats not far behind. It may be doubted that the Soviet authorities expected such a decisive political setback. Apparently, a dozen years of native fascism, the Nazi regime and the war had not changed Austrian voting habits. The rural areas were still predominantly conservative and clerical; the capital was still a stronghold of Social Democracy. The distaste of the Austrians for the Soviet army of occupation undoubtedly was one of the main reasons for the poor showing of the Communists.

The formation of a new Austrian government, under the People's Party leader, Leopold Figl, introduced a new phase of the problem of Austria. Where previously the Russians had had a government that owed its existence to them, now they had to deal with a government which had a popular mandate. And they could not, as in Soviet-occupied Hungary, proceed to whittle away the position of the elected majority by the combined pressure of the Red Army and the local Communists. In Austria the Communists were not in the government; moreover, the Russians occupied but a portion of the country, and they were checked by the other powers represented on the Allied Council.

For the western powers, on the other hand, the election and the advent of the Figl government created a more encouraging outlook. Vienna was the key point for control of the Danube basin. For the Russians, it would cap the structure they were trying to build. The western powers, if they were not to give up the entire Danubian area, would have to make their presence felt in Vienna. After November, 1945, the United States saw

as the best means of carrying on that struggle successfully the strengthening of the position of the Figl government, the reduction of occupation forces, and the early conclusion of a treaty between the Allied powers and Austria terminating the occupation and formally establishing Austrian independence. As the Russians showed increasing favor to their satellite governments in eastern Europe, the United States showed more and more sympathy for Austria.

The experience of the first Austrian Republic had shown that the country could not maintain its independence without political guarantees and economic help from outside. To survive, in the long run, it probably would require close association with some larger area such as Germany, as in the *Anschluss* period, or the Danube basin, as under the Habsburgs.¹⁷ This was realized in Washington, but both alternatives had to be discarded for political reasons. *Anschluss* was ruled out by the Moscow decision of 1943. Association of Austria with other Danubian countries, now all under Soviet control, would mean its consignment to the Soviet bloc. Consequently, the only course left seemed to be to press for an independent Austria, freed from foreign control, while realizing that the preservation of that independence might require continuing American political and economic commitments.

If the long-term future of an independent Austria was dubious, the immediate future of occupied Austria seemed almost hopeless. There was not enough food. At one point in the winter of 1945-46 the ration was as low as 900 calories in some parts of the country. Goods still did not flow freely between zones. The military authorities supplied some relief, then an urgent appeal was made to UNRRA, which inaugurated a program of \$117,300,000 worth of supplies during 1946. A large part of the Austrian budget went to pay the costs of occupation, most of which went to the Soviet occupying forces which far outnumbered the others. These costs were reduced, however,

¹⁷ Austrian leaders maintain that the country now has greater resources than in the 1920's (water power, petroleum, steel, etc.) and therefore could support itself. See, for example, Karl Gruber, "Austria Infelix," *Foreign Affairs*, XXV, January 1947, 235.

during 1946, from 50 to 35 percent and finally to 15 percent of the budget.

To these difficulties, which might be regarded as temporary, was added an issue which threatened to cripple Austria permanently. The Big Three, at Potsdam, decided not to ask reparation from Austria, but in dealing with reparation from Germany they assigned to the Soviet Union all German assets in the Soviet zone of occupation in Austria. The Soviets claimed, under this provision, Austria's most important industries and enterprises, including the Zistersdorf oil fields. Many of these the Nazis had taken over, by force or for inadequate compensation, after the *Anschluss*. Neither the western powers nor the Austrian Government accepted the Soviet definition of German assets. They considered the term as referring to property which was German before the *Anschluss* or for which due value was received if transferred thereafter. This was no technical question. It involved Austria's independence.

Renner, now President of the Republic, said that the Potsdam clause threatened to prove a catastrophe for Austria; the outcome of the controversy, he said, "will decide my country's future." If these industries were removed by the Russians, Austria would be deprived of the means of supporting its population. If they were left in Austria, under Soviet ownership and control, the Soviet Union would maintain a stranglehold on the Austrian economy even when the occupation was over. The Soviet authorities put their views into practice by seizing the properties in question. The Austrian Government met the situation by decreeing the nationalization of the principal industries. The government also refused to conclude agreements for "50-50 companies" to own the industries jointly with the Soviet Government. The Allied Council took up the question and reached no agreement. The Soviet authorities disregarded the nationalization law, on the ground that the property had already passed to the Soviet Union under the Potsdam agreement. No progress was made either through diplomatic channels or when the question was raised in the Council of Foreign Ministers in July, 1946. It was left for settlement in the future negotiations for an

Austrian treaty. General Clark's report for September, 1946, noted that the Soviets were continuing their attempts "to push their penetration of Austria and prevent the free development of an independent Austrian economy."¹⁸

Secretary Byrnes, in February 1946, proposed the conclusion of a treaty between the Allies and Austria. This would not be a peace treaty, since Austria was not an enemy state, but a treaty reestablishing its independence and fixing its frontiers. Molotov postponed all discussion of such a treaty while the negotiations on the five peace treaties were going on. He also ignored British and American proposals for a general reduction of occupation forces. A draft treaty, submitted by the United States to the Council of Foreign Ministers, was not even discussed. Molotov merely complained about failures to deal properly with the problems of denazification and of displaced persons. The Soviet Union wanted to make its own decision on how many troops it would keep in Austria, and how long. As this meant indefinite prolongation of the Allied occupation, the United States took the lead in the negotiating a new four-power control agreement, signed in July 1946, which reduced the role of the Allied Council and broadened that of the Austrian Government. Unfortunately for the Austrians, it did not do away with the zonal boundaries, and the Soviet commander continued to veto Austrian laws in the Soviet zone.

Finally, at the New York meeting of the Council of Foreign Ministers in December 1946, the Soviet Government agreed to begin negotiations on a treaty for Austria. Special deputies met in London in January to prepare a draft for submission to the Moscow meeting of the Foreign Ministers in March.¹⁹ They agreed on a number of articles, many of which were modelled on comparable agreed articles in the Balkan treaties. On the two crucial issues, the definition of German assets and the Yugoslav claim to territory in southern Austria,

¹⁸ Military Government, Austria, *Report of the U.S. Commissioner*, No. 11, September 1946, 1.

¹⁹ The Deputies were General Clark (U.S.), Lord Hood (U.K.), F. T. Gusev (U.S.S.R.), Maurice Couve de Murville (France).

there was no agreement. The Soviet Deputy, in a minority of one, held firm to his position on German assets and proposed that a commission study the territorial question. There were some Slovenes in Carinthia, but a plebiscite in this area in 1920 had gone in Austria's favor. The three western powers saw no point in reopening the question, particularly after the refusal to give Austria any satisfaction on its claim to South Tyrol. In the American view, were Austria to lose the assets demanded by the Soviets, or the territory demanded by Tito, its position would be so weak as to ensure instability and invite trouble. Austria would need all its prewar territory and resources if it was to have any chance of maintaining itself as an independent state.

CHAPTER SEVEN

THREATS TO THE GOOD NEIGHBOR POLICY

1. *Latin America and the War*

THE response of the great majority of Latin American nations to the attack on Pearl Harbor was immediate and heartening. It gave proof how solidly the inter-American structure had been built for common action against aggression from outside the hemisphere. It was a tribute to the Good Neighbor policy of the Roosevelt Administration and a result of the growing conviction among Latin Americans that German and Japanese aggression threatened their freedom as well as ours. Early in 1942, at Rio de Janeiro, the Foreign Ministers of the twenty-one American republics adopted a series of measures aimed at combatting the influence of the Axis powers in America and aiding the war effort of the United Nations. Within a short time all except Chile and Argentina either entered the war or broke diplomatic relations with the Axis powers. Chile finally broke relations in January, 1943, leaving Argentina the only nation in the hemisphere which, despite the commitments undertaken at the Rio Conference, maintained a policy of "strict neutrality."

The Latin American nations gave valuable aid in the prosecution of the war. To a greater or less degree they took measures against Axis agents and property; they made available air and naval bases; they cooperated in coast defense. Brazil especially played an important part in the campaign against enemy submarines, supplied facilities for the crucial "air ferry" route to Africa, and sent an expeditionary force to fight alongside the Allied armies in the Mediterranean theater. Above all, Latin America supplied war materials without which the Allied war effort would have been crippled. Economically, the nations of the hemisphere found themselves drawn together more closely than ever before.

As the war progressed favorably for the United Nations in 1943 and 1944, certain aspects of the inter-American picture began to assume importance as forerunners of potential postwar problems and threats to the Good Neighbor policy. One of these was the effect of our supplying war material and economic aid to various Latin American governments, thereby directly affecting the balance of power, especially between Brazil and Argentina, and giving Latin American governments weapons which they might use against democratic opposition groups or against each other.¹ Another was the economic dislocation caused by the loss of normal markets and the impossibility of importing needed goods. A third aspect was the difficult problem posed by Argentina's non-cooperation, which was not only a wartime danger but a challenge to the whole concept of continental solidarity. Fourthly, there was uncertainty concerning the policy of the United States, following the departure from the Department of State of Sumner Welles, one of the architects of the Good Neighbor policy, and the hardening of our attitude toward Argentina. Finally, as plans for a world security organization took shape, the future of the inter-American system itself became a subject for speculation.

In 1943 and 1944 the United States was concentrating on the great offensives in Europe and the Pacific which were to bring final victory in the war. Latin America, while continuing to supply vital strategic materials, was no longer so crucial an area on the world stage, and the United States was content to stand on the Rio agreements. Although in this period the United States may have missed its opportunities for leadership and allowed relations with the other American republics to deteriorate,² it is doubtful if any new approach to the problem could have avoided

¹ Lend-lease aid to the American republics, from 1941 to September 30, 1946, totalled \$459,422,000, of which \$331,651,000 went to Brazil, \$38,617,000 to Mexico, \$21,880,000 to Chile, \$19,033,000 to Peru, \$48,241,000 to other republics, nothing to Argentina (*Twenty-third Report to Congress on Lend-Lease Operations*, Department of State, Publication 2707, Washington, 1946, 27).

² See Sumner Welles, *The Time for Decision* (New York, 1944), 236-8, and *Where Are We Heading?* (New York, 1946), 185 ff.; *Inter-American Affairs* 1943, edited by Arthur P. Whitaker (New York, 1944), 40-43, and *Inter-American Affairs* 1944 (New York, 1945), 60-63.

the long and unedifying quarrel with Argentina which began at Rio and was accentuated after that country fell under the control of an ultra-nationalistic group of officers in June 1943. It was true that Argentina did not fulfill the obligations assumed at the Rio Conference, and that the United States could generally mobilize the support of the other American Republics for its anti-Argentine policy. Nevertheless, it was also true that the longer the quarrel went on, the greater was the possibility of a permanent breach in the inter-American system, a development which most Latin American nations, and the United States as well, wanted above all to avoid.

The militarist dictatorship in Buenos Aires suppressed political parties, muzzled the press, adopted many other techniques of fascism, maintained contact with German agents, and gave evidence of having aggressive designs against neighboring states. What could be done about this undeniable threat to the United Nations war effort and to the inter-American system? Direct intervention, condemned by the Good Neighbor policy and wholly unacceptable to the other republics, was ruled out. To come to terms with the Argentine regime on its own conditions was impossible. The United States chose a middle policy, to denounce the Argentine Government and to apply limited sanctions against it, and to wait for a change within Argentina itself. The choice of means in carrying out this policy was not always happy; some of them had the result of humiliating not the Argentine Government but the United States. Perhaps the policy was doomed to failure in any case, since the Argentine leaders merely fastened their hold more securely on the country and refused to be intimidated. These men knew full well that truly coercive economic measures could not be taken by the United States without the consent of the British, who would not deprive themselves of vital food shipments from Argentina and did not wish to jeopardize British interests in that country. Argentina was prosperous. Its own people were well fed, too well-fed to be good revolutionary material, and there was wheat, corn, and meat to offer to hungry Britain and to the starving peoples of liberated Europe.

As the unsuccessful and apparently endless "siege" of Argentina continued, it came to be regarded as a fight between the United States and Argentina and not as the chastisement of an errant member by the whole American family. Washington kept the other republics informed of measures taken and counted on their support, but there was no consultation. Some of them were getting restive. It had not been possible to hold them all in line on the policy of non-recognition of the government of General Farrell, whose succession to the Argentine presidency in February 1944 through the forced resignation of President Ramírez had provided the opportunity to try out that policy. By the autumn of 1944 it was obvious that something more drastic would have to be done to clarify the whole question of Argentina and the inter-American system. Several Latin American nations felt that the calling of a consultative meeting of the Foreign Ministers was long overdue. Washington did not appear to be interested. Then, on October 27, the Argentine Government asked the Pan American Union to call such a meeting.

This surprising move met a favorable reception in some Latin American capitals, such was the desire to put an end to the impasse. The United States, however, had a different idea. It had been planning on a meeting of American Foreign Ministers, the principal task of which would be to discuss the recently announced Dumbarton Oaks Proposals on international organization; from this meeting Argentina, which had not fulfilled its obligations and had not distinguished itself as a friend of the United Nations, would be excluded.³ This proposal was accepted, and the United States in turn agreed that the conference should discuss the Argentine problem. In December 1944 the resignation of Secretary Hull and the advent of Edward R. Stettinius, Jr., who immediately named Nelson Rockefeller as Assistant Secretary in charge of American Republics Affairs, opened the prospect that the State Department might be ready to try a new method of dealing with that problem.

³ The Governing Board of the Pan American Union announced on January 8, 1945, that it "abstained for the time being from acting on the Argentine request"; the conference held at Mexico City was convoked by the participant nations themselves, outside the customary procedure for inter-American consultation.

2. The Inter-American System and the United Nations

The deterioration of relations between the United States and the other American republics had been marked despite the willingness of the latter to support most of the measures taken by the United States against Argentina. They were concerned over the future of the inter-American system, partly because continental unity seemed unattainable, there being no indication when Argentina would return to the American community of nations, and partly because of the fear that with the creation of the new world organization the inter-American system might be allowed to disappear altogether. The failure of the Department of State to consult with the other republics, before and during the Dumbarton Oaks negotiations, increased those fears. The Proposals themselves, however, set them at least partially at rest by making provision for "regional arrangements or agencies" which might deal with such matters relating to peace and security as were appropriate for regional action. The proposed Security Council would encourage the settlement of disputes by such agencies and would use them, with their consent, for enforcement action under its authority. Thus the inter-American system would have a definite place within the contemplated world security system; it might now be strengthened in order to perform the tasks contemplated for it. The coming conference would have to examine the whole character of the none too solid inter-American structure and decide what changes were required to meet the new situation.

The Inter-American Conference on Problems of War and Peace, which met in Mexico City in February and March of 1945, had two principal tasks, one of construction and one of appeasement. Out of the Conference came a greatly strengthened inter-American system on the one hand and a formula for the re-entry of Argentina into the fold on the other. In addition, the Conference passed resolutions reiterating adherence to concepts of justice and liberty, to democratic principles, to international law, and to the Atlantic Charter. There were recommendations or agreements on measures for the control

of enemy property, the surrender of war criminals, the elimination of "centers of subversive influences" and of Axis-inspired elements and propaganda agents. The resolutions on economic subjects were directed chiefly toward cooperation in the prosecution of the war and preparation for the transition to peacetime economic relations, and a declaration of principles known as the Economic Charter of the Americas was adopted.

"The unity of the peoples of America is indivisible," one resolution of the Conference stated, "and the Argentine Nation is and always has been an integral part of the Union of the American Republics." The resolution expressed the desire that that nation might place itself in a position to adhere to the principles and declarations of the Conference, might cooperate with the other American nations in their common policy and thus become a member of the United Nations. The Final Act of the Conference was declared open to adherence by the Argentine *Nation* "in accordance with the criteria of this resolution." The avoidance of reference to the Argentine *Government* was intentional, but it did not mean that the Argentine people would have to overthrow the regime before Argentina could be accepted into the family. The Farrell government proceeded to declare war on Germany and Japan, to state its adherence to the declarations of the Mexico City Conference, and to take a few not very drastic measures against Axis agents. The twenty American republics decided that this was sufficient, and on April 4, 1945, Argentina signed the Final Act. Five days later the United States recognized the Farrell government. At the San Francisco Conference the United States and the Latin American nations, disposing of a large bloc of votes, pushed through the admission of Argentina.

The ease with which the inter-American front was reconstituted seemed to indicate that Washington, reversing its former policy, had abandoned the attempt to coerce Argentina and was willing to let events take their course, as Argentina's cooperation in the war effort meant little at this late date. Not many days passed before this expectation was proved false. In a speech of May 28, Stettinius said that by voting to admit

Argentina the United States had by no means changed its position that Argentina was expected to carry out the Mexico City obligations. News reports from Buenos Aires told of a new wave of repressive measures against critics of the regime. Strongly criticized at home for its policy of "appeasement" and for the rather strange spectacle of our support of "fascist" Argentina's admission to the San Francisco Conference, the State Department determined that Argentina should be held to the letter of the Mexico City engagements. The new American Ambassador in Buenos Aires, Spruille Braden, made sure that it was understood that our recognition of the Argentine Government was not construed as approval of its policies. By his forthright championship of democratic principles—to which Argentina had subscribed by signing the Mexico City resolutions—he found himself in the midst of internal Argentine politics and the symbol of opposition to the regime. Amid charges of "intervention" on one side and of "bad faith" on the other, both of which were to some extent justified, U.S.-Argentine relations soon became worse than they had been before the Mexico and San Francisco conferences. The return to the unyielding policy of Mr. Hull was signalized by the departure from the State Department of both Stettinius and Rockefeller in the summer of 1945.

The most significant of the agreements reached at Mexico City was that for "Reciprocal Assistance and American Solidarity," known as the Act of Chapultepec. Together with a series of decisions aimed at improving the work and procedure of existing inter-American agencies,⁴ it represented the reor-

⁴ Resolution IX made provision for holding the regular International Conferences of American States at four-year intervals, annual meetings of the Ministers of Foreign Affairs during the intervening three years, continuation of the Inter-American Defense Board, the Emergency Advisory Committee for Political Defense, and the Inter-American Juridical Committee, and creation of a permanent Inter-American Economic and Social Council to replace the emergency Financial and Economic Advisory Committee. The Pan American Union was to be reorganized and strengthened in order to be able to play a more positive role in guiding the functioning of inter-American institutions. Until then the permanent chairman of its Governing Board had been the U.S. Secretary of State. On December 5, 1945, the Board elected its first chairman under the new procedure, Carlos Martins of Brazil.

ganization, consolidation and strengthening of the inter-American system which all the American Republics thought desirable both as the logical next step in the development of that system and as a necessary preparation for its part in the new scheme for international peace and security. Since most of them felt that peace in the Americas was primarily the concern of the American nations, naturally they saw the advantage of presenting the San Francisco Conference with the accomplished fact of a strong regional security organization.

The Act of Chapultepec was the most recent of a series of agreements which tended to make the Monroe Doctrine a multilateral rather than a unilateral policy.⁵ Under the system created by those agreements, acts susceptible of disturbing the peace of America were matters of common concern to all American states and justified the procedure of consultation, and any act on the part of a non-American state against the territorial integrity, sovereignty or independence of an American state was considered an act of aggression against all the American states. Three important points were not covered: (1) action in case of an attack by one American state on another; (2) a definition of aggression; (3) provision for sanctions. The initiative for a new agreement which would take care of these points came from Latin American states more concerned over possible aggression by other American states than by attacks on the hemisphere from without.

In the background was Argentina, absent from the Conference and viewed as a potential aggressor, either as an instrument of a non-American power or on its own initiative. Brazil and Uruguay wanted an ironclad American security system calling for effective joint action whenever a majority of American states should name another state an aggressor. Such a proposal would have stood little chance of approval by the United States Senate. The U.S. Delegation was willing, nevertheless, to agree to a provision for joint action, during the

⁵ Especially the resolutions, declarations and conventions made at the Inter-American Conferences of Montevideo (1933), Buenos Aires (1936), Lima (1938), and Havana (1940). These are set forth in the statement of "American principles" which constitutes the preamble to the Act of Chapultepec.

period of the war, against any aggression on an American state, whether from outside or inside the hemisphere. Writing such a provision into the Act of Chapultepec, the Conference also agreed to accept "invasion by armed forces of one state into the territory of another trespassing boundaries established by treaty . . ." as a non-inclusive definition of aggression, and to take, in case of aggression, such measures as might be found necessary including the breaking of diplomatic relations with the offending state, the rupture of communications and of economic and financial relations, and finally the use of armed force. The United States was able to undertake these commitments in wartime by authority of the President's executive powers. Their extension after the war would have to be negotiated by the American republics as a treaty, "in accordance with their constitutional process" (in the case of the United States, with the advice and consent of the Senate), as the Act of Chapultepec itself recommended.

Since sanctions involving the use of force would probably be carried out largely by the United States, the Act of Chapultepec might have the effect of opening the door to armed intervention by the United States in Latin American disputes. That this consideration was not regarded with undue alarm by the Latin Americans at Mexico City was evidence of their assumption that the Good Neighbor policy was permanent, despite recent fears that it might be abandoned. The result of this confidence was, for the period of the war at least, a greatly strengthened regional organization, the maintenance of which both the United States and Latin American republics were prepared to defend at San Francisco. They did, however, at the instance of the U.S. Delegation, include in the Act a proviso that "the said arrangement, and the pertinent activities and procedures, shall be consistent with the purposes and principles of the general international organization, when established."

In planning for security in the postwar world, the President and the State Department had always contemplated a universal organization with authority to keep the peace throughout the world. They rejected the idea of placing primary reliance for

the security of the United States on an inter-American organization, or for world peace on regional blocs in various sectors of the globe. Such blocs would tend to become great-power spheres of influence, overshadowing the universal organization and dividing the world instead of uniting it. At the same time, over a long period of years there had developed what might be called an American commonwealth of nations, with a body of traditions and principles, security arrangements, and economic and social agencies. It had values which those nations wished to preserve. The problem facing the United States at San Francisco was how to preserve them without harming the chances of founding an effective universal security system.

The Dumbarton Oaks Proposals, which the United States placed before the Mexico City Conference, were declared by the Conference to be a basis for the setting up of a general security organization. On some points, however, the Latin American nations thought the Proposals unsound or inadequate. In a resolution passed at Mexico City they urged, among other things, amplifying and making more specific the powers of the proposed General Assembly, extending the jurisdiction of the International Court of Justice, and giving Latin America adequate representation on the Security Council. Naturally enough, the Latin American nations disliked the special position which the Great Powers had reserved for themselves. They objected to the veto. They wanted to get full benefits from the doctrine of the sovereign equality of states, which was enshrined as a principle in the Proposals but was far from evident in the specific provisions. Twenty votes in the General Assembly, if the Assembly had any power, would be something to reckon with in world affairs.

The main preoccupation of the Latin American states was to preserve the inter-American system as the primary means of settling American questions, without interference or vetoes on the part of non-American powers. Apparently they were not afraid of being left alone in the western hemisphere with one great power, the United States, without being able to call other great powers, as a balancing factor, into the settlement of hemi-

sphere controversies. The growing fear of the Soviet Union had something to do with the attitude taken by the Latin American delegations at Mexico City and at San Francisco. Their governments, in most cases, represented oligarchies. Though they feared democracy, they were even more fearful of communism. Hence they became defenders of a strong regional system which would keep the Soviet Union from using its position in the United Nations to intervene, in one way or another, in the affairs of the Americas.

The U.S. Delegation at San Francisco was not united in defining the role of regional systems of security within the United Nations. Some members supported the view consistently advocated by Leo Pasvolksy, influential adviser who had directed the State Department's work on international organization, that we could not afford to jeopardize the success of the new world organization by giving primary responsibility for security to regional organizations outside its control. What was demanded for Pan America could also be demanded for the Slavic nations, the Arab League, or any other grouping.⁶ The Soviet Union had already established a series of alliances in eastern Europe which might develop into a regional system claiming the right to act by itself, independently of the world organization, when the security of any one of its members was threatened; this happened to be a part of the world in which both world wars had started and in which the United States had been striving to assert the principle of joint responsibility and action as opposed to the unilateral action and exclusive influence of the Soviet Union.

The opposing view, supported by Senators Connally and Vandenberg, the latter the U.S. representative on the Conference's Committee on Regional Arrangements, was that the Act of Chapultepec and the whole inter-American system were existing facts which the Charter must recognize; they felt that the Senate would hesitate to ratify the Charter if it meant that those

⁶ The Charter does not define the terms "regional arrangement" or "regional organization." Presumably it could be applied to any arrangement which any member state desired to call such.

agreements would be weakened or repudiated. Participation by non-American powers in dealing with American disputes could be regarded as violating the Monroe Doctrine. The strong stand taken by the Latin American nations strengthened the hand of those who held that view. They asked how the American nations could go ahead, as they had agreed at Mexico City, with the negotiation of a permanent hemisphere pact of military assistance if the Charter tied their hands and nullified the progress already made toward an American security system.

President Truman gave assurances on May 15 that the United States did intend to conclude the proposed hemisphere pact of military assistance. That statement reassured the Latin American delegates and made it possible for them to accept the compromise eventually adopted. It was presented to them as a solemn commitment. They regarded it as such. For that reason the subsequent failure to conclude the pact was a source of resentment on the part of the Latin American governments and of embarrassment to members of the U.S. Delegation who had made the promise.

The compromise solution maintained the principle, the heart of the Dumbarton Oaks Proposals, that the world organization must have authority to deal with problems of war and peace anywhere in the world. It added, without specific mention of the inter-American system, references to the possible use of regional organizations for the settlement of disputes and also the provision that, until the Security Council had taken the necessary measures, nothing in the Charter should impair "the inherent right of individual or collective self-defense" in case of armed attack; it was expressly stated that such individual or collective action would not in any way affect the authority and responsibility of the Security Council to take at any time such action as it deemed necessary to maintain or restore international peace and security.⁷ The official report of the U.S. Delegation on the results of the Conference stated that the provisions on regional arrangements adopted at San Francisco ensured the preservation of the inter-American system based

⁷ See Articles 33 and 51-54 of the Charter of the United Nations.

on the Good Neighbor Policy as an integral and valuable element of an effective collective security system on a world-wide basis.⁸ Yet it could not be said that the Act of Chapultepec had survived the ordeal of San Francisco without damage, for the Charter's reference to the right of collective self-defense did not cover regional action in the case of a threat of aggression, nor could enforcement measures be taken without the authorization of the Security Council.

3. Collective Intervention or Non-Intervention

Non-intervention in the internal affairs of other American states, a cardinal principle of the Good Neighbor Policy, has been enshrined in a number of inter-American declarations, acts, and resolutions since Cordell Hull, at Montevideo in 1933, pledged that the United States would stay out of the domestic affairs of its sister republics. It is a term not easy of definition. Because of their military and economic power, larger states, by their actions, their statements, and even by their failure to act in certain circumstances, unavoidably exert an influence on the affairs of other nations. The United States has occupied such a position in relation to the Latin American republics, and nowhere was it more evident than in our attempts to get Argentina to fulfill its international commitments; inevitably the United States took a position in the political conflict between Argentina's military rulers and the democratic parties opposing the dictatorship. The speeches and other activities of Ambassador Braden in Buenos Aires in 1945 were open to no other interpretation than that the United States was advocating a change of government in Argentina.

The American press, in general, supported the strong line against the rulers of Argentina, without attempting to distinguish which of their acts violated international engagements and which violated the democratic rights of the Argentine

⁸ *Report to the President on the Results of the San Francisco Conference by the Chairman of the United States Delegation, the Secretary of State, June 26, 1945* (Washington, 1945), 108.

people. As a matter of fact, often there was no clear line of distinction. The experience with Germany and Italy had shown that fascism bred violence and war, that its coming to power in one nation was not a domestic affair of no concern to other nations. Would Perón's regime confine its career of violence within the frontiers of Argentina? Was it not already, by shielding and abetting Nazi agents, threatening its neighbors? Must the other American republics passively await aggression on the part of Argentina? These considerations prompted the idea that intervention against such a regime might be necessary and would be permissible if it were not unilateral but collective, carried out at the instance of the American community of nations.

Such a proposition was placed formally before the American republics by the Government of Uruguay on November 22, 1945. It represented an extension of the procedure of consultation and joint action, which the Act of Chapultepec provided for cases of threats or acts of aggression, to cover instances when an American government was guilty of the notorious and repeated violation of its international obligations or of elementary human rights. The theory was that such a government, by its mere existence, would constitute a menace to the security of the hemisphere, justifying collective intervention to compel it to fulfill its obligations and reestablish human rights. Such a proposal could hardly be palatable to the many Latin American governments which were not in the habit of granting essential human rights to all their citizens; and among these were some which had been faithful to their international obligations and had supported the cause of peace. There was, furthermore, the fundamental objection that the doctrine of collective intervention, if accepted, might become a shield for unilateral intervention in the future. Brazil, Mexico and Cuba, which were among the staunchest supporters of American solidarity and had no love for the Perón regime in Argentina, were markedly cool toward the Uruguayan proposal.

A faithful follower of United States policies toward Argentina, Uruguay had good reasons of its own for taking the

initiative in making this far-reaching proposal. The one small neighbor of Argentina which, despite economic dependence, had unreservedly held out against domination by that country, it felt directly threatened by the existence of an extreme nationalist-militarist regime in Buenos Aires and was looking for support. As a practical matter, that support might come from Brazil or, more probably, from the United States; naturally it would have to be under the guise of collective American action. If it were not to come too late, it should take the form of intervention before aggression took place.

Uruguay's note implied, without stating it baldly, that the existence of a fascist regime in the Americas "gave reason to believe that aggression was being prepared" and accordingly required consultation and joint action under the Act of Chapultepec. The Department of State, in supporting the Uruguayan proposal, seemed to look at it from that angle. Secretary Byrnes gave it his "unqualified adherence" at a press conference on November 27, and Spruille Braden later stated in a radio broadcast that we did not intend "to stand idly by while the Nazi-Fascist ideology against which we fought a war endeavors to entrench itself in this hemisphere." Our policy, he added, was one of joint action with the other republics, not unilateral action; intervention might take place if "a substantial majority" of American nations favored it.⁹

Collective intervention against a government which denies human rights to its citizens was a doctrine not without historical precedent, as for example the frequent intervention by the "Concert of Europe" in the affairs of the Ottoman Empire on those grounds in the nineteenth century. The idea had been brought forward on several occasions as a desirable principle in inter-American relations. Its advocates could point to the fact that in the declarations and resolutions which marked the development of the inter-American system the concepts of democracy and justice had stood side by side with those of peace and security. Granting the desirability of obligations to respect hu-

⁹ Department of State, *Bulletin*, XIV, January 6 and 13, 1946, 26-32. The broadcast, entitled "What is our Inter-American Policy?" was made on January 5.

man rights, the essential problem remained one of enforcement. How could intervention, unilateral or collective, to force a government to grant certain rights to its own citizens be reconciled with the principle of national sovereignty, which was supposed to be the cornerstone of the inter-American system? It was already evident that a search for a formula for the international enforcement of provisions on human rights under the United Nations Charter or the peace treaties would pose great difficulties. To attempt to obtain acceptance of such a formula in the Americas, where "non-intervention" had become a sacred cow, would seem to be even more difficult. This was evident from the negative response of the Latin American republics to the Uruguayan initiative. Despite, or perhaps because of, the strong endorsement of it by the United States, little was heard of it in the ensuing months.

4. The Blue Book and the Argentine Reply

The Act of Chapultepec included the recommendation that, following the establishment of peace, the American republics would consider the conclusion, "in accordance with their constitutional processes," of a treaty which would enable them to deal with threats or acts of aggression against any one of them by taking various measures ranging from the recall of diplomatic missions to the use of armed force. The Act itself, which provided that similar steps might be undertaken "during the war," continued in force so long as formal peace in Europe and in Asia was not made. Thanks to the long delay in making peace settlements, the parallel delay in giving permanent status to the advance in the inter-American system represented by the Act of Chapultepec did not leave a gap during which there was no provision for collective action.

It had been planned to hold, soon after the close of hostilities, a meeting of the American Foreign Ministers to conclude the new treaty of military assistance. The conference was scheduled for October 20, 1945, at Rio de Janeiro. The intervening months saw a new crisis in relations between the United States

and Argentina, marked by Braden's spectacular mission to Buenos Aires and culminating in a statement issued by the State Department on October 3 to the effect that, "in view of recent developments in Argentina," the United States favored postponement of the Rio Conference and had said as much to the prospective host government, Brazil. One of the strong reasons for postponement was the likelihood that the Conference would reveal wide differences between the United States and several American republics which had been content to follow our lead in the past. Once the United States had taken its position, all the other republics accepted the inevitability of postponement, which was voted on October 5 by the Governing Board of the Pan American Union.¹⁰ The leading members of the Senate Foreign Relations Committee showed as much annoyance at the Department's action as the governments of the American republics. There were some rather sharp discussions between Senators Connally, Vandenberg and Austin on the one hand and Braden, recently named as Assistant Secretary of State in charge of American Republics Affairs but not yet confirmed by the Senate, on the other. As a result of the incident the Senate delayed confirmation of Braden for several weeks. Meanwhile, the Department talked about negotiating a treaty through diplomatic channels and went ahead with its plan to consult the other American republics on "the Argentine situation."

Most of the Latin American nations had been relieved when the conciliatory policy of the United States, personified by Stettinius and Nelson Rockefeller, had made possible Argentina's adherence to the Mexico City accords and admission to the United Nations. They were not uniformly pleased to see the United States, under a new Secretary of State and with the determined Mr. Braden in the key policy-making post, revert to the policy of 1944 and talk about organizing the hemisphere

¹⁰ Braden's statement that the other American republics were all consulted prior to the meeting of the Pan American Union (Department of State, *Bulletin*, XIV, January 6 and 13, 1946, 30) did not meet the charge of Sumner Welles (*New York Herald Tribune*, October 17, 1945) that the Department took the step of telling the Brazilian Government it wanted the conference postponed without first consulting the other republics.

without, or against, Argentina. The Rio Conference obviously could not meet if Washington opposed it, and the idea of meeting without Argentina found little response in Latin America. The result was an impasse. So long as the U.S.-Argentine conflict could not be resolved, the treaty of assistance would have to wait.

Colonel Perón, meanwhile, had consolidated his position in Buenos Aires. He was pushed out by an army *coup* in October 1945, only to return in triumph a week later, his opponents having failed completely to form an effective government. In the course of the struggle with opposition elements, Perón had seen fit to have President Farrell announce that a national election would be held. If the election were fair, a rare occurrence in Argentina, the Argentine people would be able to register their will for or against Perón and his policy of defiance of the United States. Perón flung a direct challenge by announcing on December 14 that he would run for the presidency himself. The opposition, the historic political parties, got together to nominate José P. Tamborini, a Radical Party leader sincerely opposed to the dictatorship but hardly an inspiring figure to rally the Argentine people against Perón. In the ensuing campaign, the most important piece of literature was published in Washington the following February, an 86-page, paper-covered "Blue Book" which the State Department chose to call "Consultation among the American Republics with respect to the Argentine situation."

The Blue Book recalled that the American nations gathered at Mexico City in the spring of the previous year, in response to the spirit of unity animating the inter-American system, had accepted the pledged word of the "Farrell-Perón Government." Enjoyment of rights and benefits under the Final Act of that Conference, it said, was conditioned upon execution of the agreements and declarations approved there. They had called for the elimination of centers of Axis subversive influence, for the control of enemy property, and also, in general terms, for adherence to the principles of democracy, liberty, and justice, and free access to information. The Blue Book pointed out that

the Argentine Government had been derelict on all these counts. What is more, it said, the record of that government's complicity with the enemy was so clear as to compel the United States Government to doubt the motive of its every act. This situation could not be cured by further decrees or promises but "only when our brother people of Argentina are represented by a government which inspires full faith and confidence at home and abroad." The evidence, consisting largely of excerpts from captured German documents, was then put on the record to illustrate the pattern of "aid to the enemy, deliberate misrepresentation and deception in promises of hemisphere cooperation, subversive activity against neighboring republics, and a vicious partnership of Nazi and native totalitarian forces." The aim of the rulers of Argentina since June 1943 had been, so ran the Blue Book's charge, to create a fascist state in the Western Hemisphere; their opportunistic change of policy since the eve of the Mexico City Conference was the result of the necessity for camouflage after Germany's defeat became inevitable; their purpose was to conceal and preserve a nucleus of fascist economic and political positions to serve as a basis for reversion to the full totalitarian program at some better future opportunity. Certain of the accusations which the Blue Book made were phrased in rather broad terms, but the evidence was damning to say the least. It showed one thing beyond all doubt, that the Argentine Government had done a good job of playing both sides in the war.

This blast was circulated to the American republics on February 11, 1946, and made public the next day, two weeks before the Argentine election. That it was intended to influence that election could hardly be denied. Braden had taken up Perón's challenge. Whatever influence the Blue Book had probably was in favor of Perón rather than against him, despite the clearcut evidence of his group's collaboration with the Nazis. Argentines were more impressed by the timing of the publication than by the book's contents. It gave weight to the argument that the choice before the voters was "Braden or Perón." The Argentine Government in a series of statements and in a note

addressed to the other American republics, condemned the publication of the Blue Book as a violation of Argentine sovereignty and denied the charges it made. The most effective reply, however, was given on February 24 by the voters of Argentina. Although the use of force and fraud had been generally predicted, all observers considered the election to have been fairly conducted. After a few days, as the results became known, there could be no doubt that Juan Domingo Perón had been elected President of the Argentine Republic by a substantial majority, and that the United States had suffered a stunning diplomatic defeat.

The State Department's first reaction to Perón's victory was embarrassment. The democratic Argentine people, on whom we had relied, seemed to have disproved an axiom of our political thinking, that a people will choose democracy and repudiate fascism if given a free choice. After the fact, explanations were found for what had happened. It began to be realized that not for nothing had Perón served as Minister of Labor and taken special measures to raise wages. He had talked of expropriation of estates and had given hope to the poverty-stricken agricultural workers; his victory was most complete in the provinces, where economic considerations outweighed concern for civil liberties. Also, he had managed to split the Radical Party by taking certain Radicals into the government, and the Conservatives had not joined the other democratic parties in the bloc supporting Tamborini. Whatever the factors which motivated the voters, the results were clearly a defeat for the cause of democracy in Argentina and a rebuke to the United States.

The other nations of Latin America saw no purpose to be served, after the election, in pursuing a policy of isolating Argentina or refusing to recognize Perón's regime. It would not have been possible to hold them any longer in line with such a policy. With the appointment of George Messersmith as the new Ambassador to Argentina, it appeared that the United States was preparing to retreat from its difficult position. Braden told the press, on March 3, that the United States "would look silly" if it broke relations, and that economic

sanctions were out of the question since they might risk stopping the flow of food from Argentina to the starving peoples of Europe. Would the United States eat crow and agree now to the holding of the Rio Conference with Argentina present? The Pan American Union had decided in November that the Conference would meet in March or April. Early in March Brazil polled the American republics on the question of postponement. When a majority favored postponement, the Pan American Union put the meeting off indefinitely. The Latin American countries, for the most part, were ready to conclude the mutual assistance pact, but the United States had informed them that it would not sign any such treaty with Argentina under its present government. In those circumstances there was no point in pressing for a conference; it was better to postpone it and wait for an improvement in relations between Washington and Buenos Aires.

On April 8, 1946, the State Department made public some of the results of its "consultations" with the Latin American states on the Argentine question. Most of them had not yet given the United States "the benefit of their views" on the Blue Book, requested in February. Of those who had, some had agreed with the United States position, others "emphasized the changed position resulting from the recent election." No matter how the State Department chose to phrase it, Latin America clearly was anxious to make peace with Perón. The United States could hardly continue the line of the Blue Book and invite the Argentine people, who had just chosen him president in a free election, to throw him out. But it was not ready to waive performance of solemn commitments under the Final Act of the Mexico City Conference. These commitments required the elimination of Axis influences which had threatened the security of the hemisphere. The United States wished to see "deeds and not merely promises" within a reasonable time after the installation of the new Argentine government. If they were forthcoming, the Rio Conference could be called immediately for the conclusion of the long-awaited treaty of mutual assistance.

5. Military Cooperation Awaits Political Decisions

While the organization of security in the Americas remained stalled on the diplomatic level, U.S. military and naval men were going ahead with their plan for agreements with the Latin American states aimed at standardization, on the United States pattern, of training, organization and equipment. President Truman placed before Congress on May 8, 1946, a bill authorizing the United States to undertake such a program. Deriving from our experience in wartime military collaboration, from informal military staff discussions and from a recommendation made the previous year by the Inter-American Defense Board, this program was intended to consolidate the military defenses of the hemisphere.

Under the proposed Inter-American Military Cooperation Act the President would be authorized to enter into agreements with other American states to provide for instruction and training of their military and naval personnel, repair of their military and naval equipment, and transfer to them of arms, supplies, services and technical information, provided that such transfers were consistent with the military and naval requirements of the United States and with the national interest. Payment would be in kind or in any other way deemed satisfactory by the President, provided that the United States received at least the cost of all material procured by it for the purpose of transfer to a foreign government and fair value for material originally acquired for the armed forces of the United States.

The viewpoint of the sponsors of the bill, primarily the War Department, was that the long-term benefits to be obtained by standardization of Latin American military establishments, tying them in with our own in methods of organization and in types of equipment, far outweighed the financial loss which might be incurred in bringing it about. We had surplus military property to give them. There had been, under existing legislative authority, U.S. military, naval and air missions in certain Latin American countries for some years, a practice which had

proved its worth during war. The desired standardization, however, required new legislation since it involved the transfer to foreign governments of non-surplus military equipment after the termination of lend-lease.

Unquestionably, the permanent elimination of European military missions from Latin America and their replacement with U.S. missions would consolidate our position in the hemisphere; standardization of organization and equipment promised to be even more effective in achieving that end. The program was based on the assumption that in any future war the Latin-American nations would inevitably be involved on the side of the United States and that their armies and navies might as well be made capable of some real contribution, which they could best make by functioning as branch establishments of our own. Many responsible Latin Americans might accept that assumption. But would they accept a course which would make them wholly dependent on the United States for military equipment and thus incapable of adopting independent policies in military affairs, and even in the general field of foreign relations? It might be realistic to admit that in a future war no Latin American state could side with the enemies of the United States or remain neutral. Realism also counselled weighing the possible effects of the program on attitudes toward the United States, and on the relations of Latin American states among themselves. The United States, as the dispenser of arms, might easily play favorites and tip the balance of power to suit its own purposes.

Government quarters throughout the hemisphere, except in Argentina, were reported as enthusiastically in favor of the plan, but other voices were raised in criticism. Some circles wondered why the United States had chosen this particular moment to launch the project, at the same time that it was putting off the Rio Conference into the indefinite future. Others saw in the scheme the alignment of the United States with reactionary governments, which would certainly use their new "standardized" arms against liberal and democratic elements in their own countries. The Latin American Communists attacked

it as an attempt to create a vast hemisphere military unit controlled and exploited by the United States. Roosevelt had built an arsenal of democracy, one Communist paper said; was Truman trying to build an arsenal of imperialism? Soviet publications and broadcasts supported this view, decrying the double standard under which the United States acted unilaterally in Latin America and insisted on joint action in eastern Europe.

In the United States there was little public interest in the proposed plan. The bill authorizing the President to go ahead with it was presented to Congress under the sponsorship of the War, Navy and State Departments with a rather apologetic air, accompanied by reiterated protests that the scheme was consistent with our strong attachment to the principle of arms limitation. Secretary Byrnes, General Eisenhower and Admiral Nimitz testified before the House Foreign Affairs Committee that the purpose was not to build up large military establishments in Latin America nor to change the balance of forces there, but simply to supply modern equipment. They stated frankly that if the other republics did not get what they needed from the United States they would go elsewhere for it. Admiral Nimitz explained that the transfer of ships under the plan would give a small and balanced navy to each country, enabling it to protect its own coastal waters and lessening the direct responsibility of the U.S. Navy for the defense of the entire seacoast. The members of the Committee accepted the argument that the plan was necessary as a means of carrying out the Act of Chapultepec and the United Nations Charter, and to prevent the recurrence of a perilous situation such as arose in 1940 when the other American republics would have been able to give us no real military or naval support in repelling an attack on the hemisphere. The committee reported the bill favorably on June 7. No immediate action was taken upon it by the House, and in the Senate it was pigeonholed by the Committee on Foreign Relations.

The War and Navy Departments were thinking in terms of all the American republics. In their zeal to get started on a program making the hemisphere a solid military bloc, they

were not greatly concerned over the merits of the State Department's feud with Argentina over centers of subversive "Axis" influence at a time when the Axis was finished and presented no threat to the Americas in the foreseeable future. United States military men wanted to bring Argentina into the standardization scheme, Perón or no Perón. The growth of Soviet influence in Latin America and the establishment of diplomatic relations between Argentina and the U.S.S.R. on June 6, 1946, seemed to underline the need for establishing working military relations with Argentina before it was too late. The Argentine Government, though not enthusiastic about a program which would tend to freeze the existing power relations and thus consolidate the advantage Brazil had gained as a result of generous lend-lease aid during the war, was anxious to buy arms from the United States as soon as possible. On May 28th General Carlos von der Becke, former Chief of Staff, arrived in Washington and was received by General Eisenhower. If his mission had the purpose of clearing the way for the purchase of arms by Argentina, it was a failure. Under-Secretary of State Acheson told von der Becke that the position of the United States was the same as on April 8th, when Secretary Byrnes had called for "deeds and not merely promises."

In the summer of 1946 the Rio Conference was again spoken of as a possibility and again relegated to the future. To complete the picture of inaction, the regular Ninth Inter-American Conference, scheduled for Bogotá in 1946, was postponed until 1947. Meanwhile there were a few signs of better relations with Argentina. Argentine gold in the Federal Reserve Bank, frozen during the period of abortive sanctions in 1944, was unblocked. Normal trade relations had already been reestablished in April by the decision to permit shipment to Argentina of all types of United States goods not in short supply. The United States agreed to receive an Argentine Ambassador, Oscar Ivanissevich. Braden's successor as Ambassador, George Messersmith, who arrived in Buenos Aires in May, was reported to be getting on well with Perón. Argentina continued to take part in several inter-American agencies and in the work of the

United Nations. Perón even risked the ire of his hyper-nationalist supporters by making several conciliatory gestures, but their effect was nullified when his Foreign Minister declared, after ratification by the Argentine Congress of the Act of Chapultepec on August 30, that all necessary action to execute it had already been taken.

If the deadlock was to be resolved, somebody would have to give way. Both in and outside U.S. official circles there were those who thought that Braden, the symbol of the "tough" policy toward Argentina, ought to be that somebody. Secretary Byrnes, returning from Paris in October, disposed of this theory in short order. He reaffirmed that American policy remained as stated on April 8th and that Braden had his full confidence. He would await "deeds" on the part of Perón. Although some steps had been taken against German property and organizations, the deeds which attracted most attention were the termination of the investigation of Ludwig Freude, one of the leading Nazis in Argentina, clearing him of all charges, and the appointment of José Figuerola, an exponent of the theory of the corporative state and an admirer of Franco, as administrator of the new five-year plan; the Blue Book had given prominent mention to both of these gentlemen. The rift between the United States and Argentina grew wider than ever. The consolidation of the inter-American system through a mutual assistance pact and through the proposed standardization program remained in suspense. It was a question how long the system itself could survive the interminable uncertainty.

By the end of the year it was apparent that time was working for Perón. In the United States more voices were raised in favor of going ahead with the defense pact without waiting until every German firm in Argentina was expropriated and every Nazi deported. Messersmith came home to argue personally his case that Argentina had shown good faith, was fulfilling its commitments as rapidly as could be expected, and must not be driven into hostile isolation through our insistence on more than was reasonable. Senator Vandenberg, in his Cleveland speech of January 11, 1947, spoke of the necessity of "refresh-

ing" inter-American solidarity. He felt that it was high time to hold the Rio Conference and to take decisions jointly with all the other American republics. His reasoning was the same as that of the military men—if the Americas continued to drift apart, a "communistic upsurge" would occur throughout Latin America.

Speaking from the same platform as retiring Secretary of State, Byrnes held to his former position that Argentina had not yet fulfilled all its obligations, a point conceded even by Messersmith, but spoke of holding the conference as soon as compliance was reasonable and substantial. What Perón had already done could, by a very liberal interpretation, be called reasonable and substantial compliance, especially when compared with the record of several other American republics. The issue had been narrowed to the point where it did not have much meaning; at least it seemed to many that the Braden policy was becoming quixotic, that to make peace with Perón at the price of a not too flagrant compromise of our principles was less risky than to permit further deterioration of inter-American relations. The decision was one of the urgent matters facing Secretary Marshall when he took office. When the State Department greeted a decree of Perón's government eliminating Nazi ownership and control of sixty business concerns as an important step and a welcome addition to the measures already taken, the way seemed open to a reconciliation. Only the question of Nazi agents remained.

That the Good Neighbor policy needed refurbishing was recognized in Washington. The President and Marshall chose Mexico as a good place to start. Relations with that country were on a firm basis; they might be made even better, for the whole hemisphere and the world to see. Truman, accordingly, embarked on a state visit to Mexico City, the first U.S. President to do so, in the first week of March, 1947. Much of the talk was devoted to the expression of mutual felicitation and good will, but Truman did take the opportunity to reaffirm in no uncertain terms the devotion of the United States to the principle of non-intervention, adding that that did not imply

indifference to what went on beyond our borders. Altogether, the experiment turned out quite a success, a personal triumph for the President and a stroke, like Alemán's return visit to the United States two months later, which raised United States prestige in Mexico, possibly in other countries as well.

6. Political Ferment

The strains and stresses of the war were not without effect on political conditions in Latin America. To familiar and more or less normal factors making for political instability were added inflation and other economic troubles, and intensified ideological conflicts. The war period witnessed the fall of several Central American dictators who had been in power for years, the end of the Batista regime in Cuba, a revolution in Ecuador, a number of political crises in Colombia culminating in the resignation of President López, and overturns in Argentina and Bolivia which brought to power in those two countries extreme nationalists of the fascist type. When the fighting stopped in Europe and in the Pacific, more changes were in prospect. The threat from Nazi-inspired groups was of course much less acute, but on the other hand there was a growing challenge to existing governments from the left. As the war had been a conflict of ideologies and of systems as well as of nations, the partisans in Latin America of the two doctrines which shared the prestige of victory, democracy and communism, were ready to reap what advantages they could. Both doctrines had revolutionary implications in most parts of Latin America.

Vargas of Brazil, a dictator of long standing, felt compelled, before the end of the war, to promise democratic elections and a new constituent assembly. Opposition to him, which had never been reduced to complete silence, was more and more openly expressed. In Bolivia and Paraguay the authoritarian regimes of Villaroel and Morínigo were enjoying the support of the militarist government of neighboring Argentina, but none could say how long the people of those countries could be kept down. The moderate government of the ailing President

Rios in Chile was under attack from both right and left. In Peru the *Aprista* party led by Victor Raúl Haya de la Torre, long confined to an underground existence, had finally been allowed to come out into the light of day to campaign for the place in the councils of government to which its popular support entitled it.

As a result of the prestige and the new role of the Soviet Union in world affairs, several Latin American governments established diplomatic relations with Moscow and legalized the local Communist parties.¹¹ The latter were sometimes even encouraged by rightist governments as a counter-weight to other opposition parties. The growing strength of Communist organizations was, however, not merely the result of outside support. The situation of the mass of the people in most countries was made to order for Communist preaching, just as for prophets of a new national-social order such as Perón. The western democratic tradition had no broad popular base for resistance to the strong men or the demagogues. The Communists made headway in the labor movement, aided by hard work, good organization, and by the fact that they alone seemed able to convince the underprivileged worker that they had something to offer him. Since labor unions in Latin America have tended to be of the political type, often organized and used for the benefit of certain labor leaders or politicians, the prospect of Communist control of important unions and federations had important political implications. The Communist line was echoed by the powerful Vicente Lombardo Toledano, leader of the Mexican Unions and of the Latin American Workers Confederation (CTAL), which claimed four million members and was associated with the World Federation of Trade Unions. Opposition to Yankee imperialism was the motif of the CTAL conference held in Mexico in April, 1946. Only Brazil was unrepresented, but later in the year Luiz Carlos Prestes, Brazilian Communist leader, succeeded in forming a confed-

¹¹ Cuba and Mexico established diplomatic relations with the U.S.S.R. in 1942; Colombia and Uruguay did likewise in 1943; Costa Rica, Chile and Nicaragua in 1944; Venezuela, Brazil and Guatemala in 1945; Argentina in 1946.

eration including the majority of Brazil's trade unions which he planned to affiliate with Toledano's CTAL.

These developments were not lost upon U.S. representatives on the spot or upon Washington. It was known that Soviet agents, official and unofficial, had been working assiduously in Latin America. Staffs of Soviet missions numbered far more than were necessary to conduct normal diplomatic and consular business. The establishment of diplomatic relations with Perón's Argentina was more than a cynical anti-United States gesture; it appeared possible that the Soviets wanted to use Buenos Aires as a "base" for penetration of the Americas, as the Nazis had. Havana was, at the time, their main center of operations. Soviet influence came to be a major concern as that of Germany rapidly lost its dangerous character following the German military defeats.

During the war the United States had cooperated with all types of governments, including many dictatorships; in that time of crisis, stability and increased production in Latin America had been essential to us, the forward march of democracy less important. Not unexpectedly there had been constant criticism of the United States Government, on the part of liberal and leftist groups both in Latin America and in this country, for its failure, in a war ostensibly waged in defense of liberty and the democratic way of life, to show more appreciation for that cause in Latin America. In the midst of a war against Nazism and Fascism, there was obvious concern in the United States over the existence in this hemisphere of governments which were inspired by Nazi and Fascist doctrines and whose leaders had been in contact with Germany; Americans were inclined to applaud any action taken against "little Hitlers" in the western hemisphere.

Where the cause of democracy was tied to that of winning the war, as in Argentina, there was some sympathy and support forthcoming from Washington, and measures were taken which were hard to reconcile with the dogma of non-intervention. For a brief period in 1944 it appeared as if the United States, in dealing with Argentina and Bolivia, was going back to the use

of non-recognition, this time ostensibly on a collective rather than unilateral basis, as a means of showing disapproval of new regimes not considered sufficiently democratic, although the alleged legal grounds were non-fulfillment of inter-American obligations.¹² The experiment in non-recognition was no more successful in Bolivia than in Argentina, if its object was to get rid of the fascist Villaroel regime. It was, indeed, not pushed to that extreme, and the regime, having made gestures of co-operation and dropped a few of its pro-fascist members, was rather hastily recognized in June 1944 just before it conducted an election, in which the extreme nationalist and pro-fascist party won a sweeping victory. As a result United States policy was criticized from all sides, since it had been neither non-intervention nor effective intervention.

After the abandonment of the non-recognition experiments, in which many Latin American nations had participated only with reluctance or not at all, the United States confined itself to the more cautious policy of occasional verbal "interventions" not supplemented by positive acts. Public denunciations of the "Nazi-Fascist" regime in Argentina became common during the latter part of 1945, without visibly shaking its position. Another instance arose in Brazil where Vargas, who had loyally cooperated with the United States in the war and had promised a return to constitutional government through national elections in December 1945, took certain steps indicating a desire to postpone the elections and prolong his dictatorship and to establish a closer relationship with Argentina. The opposition was by this time strong enough to act if its leaders could be sure of the attitude of the United States. Ambassador Berle, on September 29, obliged with a speech in which he implied that his country was hopeful that the national election would

¹² At the suggestion of the Inter-American Emergency Advisory Committee for Political Defense nineteen governments (all except Argentina and Bolivia) had adopted the so-called "Guani Doctrine" that for the duration of the war the American republics should not recognize any new government set up by force until they had at first consulted for the purpose of ascertaining how it was established and whether it was likely to fulfill its inter-American obligations (Emergency Advisory Committee for Political Defense, *Second Annual Report*, Montevideo, 1944, 79-91).

be held as scheduled. One month later Vargas was overthrown, or rather induced to resign, by a movement which had the support of both presidential candidates and of the military leaders who had for years been the chief supporters of his dictatorship. In accordance with constitutional rules the presidency was then placed in the hands of the Chief Justice of the Supreme Court, who formed a "caretaker" government. Secretary Byrnes announced in Washington that no special act recognizing the new regime was required, since events had followed a constitutional course.

On December 2nd the Brazilian electorate, contrary to expectations, chose as president General Eurico Gaspar Dutra, who represented the conservative and authoritarian groups.¹³ His defeated opponent, General Gomes, supported by the liberal elements (National Democratic Union), was considered a warm friend of the United States. The election showed that the Vargas political machine was still strong. Dutra had been member of the former dictator's cabinet and was considered to be no champion of democracy. Although the prospect could hardly be as promising, from the point of view of the United States, as that which would have resulted from the election of Gomes, there was no question that Dutra had been freely chosen by the Brazilian people; clearly, no purpose would be served in not accepting their verdict. President Truman dispatched Fiorello La Guardia to Rio to act as his special representative at the new president's inauguration.

During the first year of Dutra's term a constituent assembly drew up a new constitution which, paving the way for political democracy and respect for civil rights, reverted to the democratic constitutional tradition cast aside by the Vargas regime; it also empowered the government to introduce substantial changes in the economic and social order and guaranteed to labor a special bill of rights. Adoption of this constitution on September 17, 1946, was made possible by a working agree-

¹³ His votes came from the former supporters of the Vargas regime, from the Church, and from the conservative rural elements, under the labels of the Social Democratic Party and the Labor Party. He also had the backing of the remnants of the extreme rightist *Integralista* movement.

ment between Dutra's Social Democratic Party and the National Democratic Union. Both were now anxious to avoid playing into the hands of Vargas and the Labor Party, and both were even more concerned over the strength of the Communists. The latter, who had polled over half a million votes in December, were conducting a demagogic campaign, very effective in view of unsettled economic conditions, based on a combination of extreme nationalism and doctrinaire socialism. They were bitter against the United States, which they accused of a new imperialism that threatened to enslave Brazil. Dutra's government undertook strong measures against the Communists, especially after their leader, Prestes, had publicly created the impression that their first loyalty was to the motherland of socialism, the Soviet Union, and not to Brazil. On May 7, 1947, the Supreme Electoral Tribunal, on the government's application, outlawed the Communist Party. Immediately, the government took steps to break up Communist organizations, and ordered a six-month suspension of the Communist-supported Confederation of Workers and all unions affiliated with it.

The constitution which was adopted, over Communist opposition, contained fairly liberal provisions respecting foreign capital and technical aid, which both Dutra and the Democratic Union thought necessary for the rapid economic development of Brazil. These policies, as well as the indications that Brazil's traditional foreign policy of cooperative internationalism and friendship with the United States would be continued, enabled the United States to look with some satisfaction at the trend of affairs in Brazil. In return, the prompt withdrawal of troops from bases in Brazil used by U.S. forces during the war gave satisfaction to the Brazilian people, among whom there had been some fear that the bases might become permanent.

Other American republics, in the months which followed the end of hostilities, went through the experience of revolution or of sharp political change. In Venezuela an armed *coup* in October 1945 unseated the group of military men which had held power since the death of the fabulous Juan Vicente Gómez ten years before. Corruption, favoritism, denial of civil rights, and

difficult economic conditions had contributed to the strength of the opposition led by Rómulo Betancourt, a Socialist who had succeeded in gathering around him the liberal and democratic elements. Convinced that the governing group intended to keep itself in office by fraudulent elections, Betancourt and his followers seized power, promising free elections for a constituent assembly and economic and social reforms. They professed friendship for the United States and were conciliatory toward American business interests. Recognition of the new government was quickly accorded, first by several other Latin American republics and, on October 30, by the United States.

The Betancourt *junta*, characterizing itself as a left-wing government, pressed forward with a "new deal" for Venezuela's workers and farmers, but it was opposed to collaborating with the Communists. The latter, adopting anti-imperialism slogans, spoke out for the nationalization of oil properties. They made the most of a letter which fifty American businessmen had sent to American Ambassador Frank Corrigan urging that the United States undertake a propaganda campaign to combat the rising Communist influence in Venezuela. In the election for the constituent assembly, held on October 27, 1946, described by Ambassador Corrigan as "the most democratic ever held in Latin America," Betancourt's party won an easy victory. The Communists, however, polled over 50,000 votes, a not insignificant figure.

The trend toward the left was also apparent in Peru, where the conservative and semi-dictatorial government of Manuel Prado allowed a free election in June 1945 and thus opened the gates to a democratic coalition including the *Apristas*,¹⁴ who for years had preached the need of fundamental social reform and an appreciation of the Indian element in Peruvian society. After first avoiding governmental responsibility they finally entered the cabinet in January 1946. The exercise of authority and the practical difficulties at hand tempered their revolutionary zeal. Haya de la Torre, who used to preach social-

¹⁴ The *Alianza Popular Revolucionaria Americana*, which changed its name in 1944 to *Partido del Pueblo*, but is still commonly known as APRA.

ism and declaim against Yankee imperialism, had already during the war taken the side of the United States in the world conflict of ideologies. In 1946 he did not hesitate to declare that Peru needed and would welcome foreign capital, especially American capital, to develop its resources and new industries. The new policy, embodied in several legislative projects sponsored by the *Apristas* in the autumn of 1946, was combatted by an alliance of Conservatives and Communists, both of whom asserted it would place the country at the mercy of North American capital. As the controversy raged, Haya de la Torre was angling to obtain for his party the portfolio of foreign affairs and other key ministries in order to be able to carry out his program. Instead, the *Aprista* ministers had to resign in January 1947 following the assassination of a prominent editor, which conservative circles labelled a political murder. It remained to be seen how long the country's largest party, with heavy representation in the congress, could be kept out of the cabinet.

The United States could only be gratified at the political developments in Venezuela and Peru. In both countries, after many years of domination by dictators, reactionary groups and military men, broadly-based democratic movements had achieved positions of responsibility. They had far-reaching programs of economic and social reform at home, and at the same time wished to strengthen the already cooperative relations with the United States, holding out the prospect of fair terms for American investors and business interests. These changes had taken place without "intervention"; thus an attitude of friendly assistance to the new regimes on the part of the United States met with the approval both of the school which stressed non-intervention and of those who emphasized our duty to support democratic elements in the other American republics regardless of the diplomatic niceties. The results of the presidential election held in Mexico in July 1946, on the other hand, showed that too close association with the policies of the United States was no recommendation for office so far as the local voters were concerned. Ezequiel Padilla, who personified

the wartime collaboration between the two countries, was roundly beaten by Miguel Alemán. The latter represented the moderate leftward trend, like the outgoing president, Avila Camacho. He was by no means unfriendly to the United States but was not politically vulnerable on that issue as was Padilla.

It was in the states neighboring Argentina that some of the most significant events, from the point of view of the United States, took place. In the Blue Book the State Department had charged Argentina with scheming to undermine the governments of those countries and to draw them into a pro-Axis bloc. The official Argentine reply was a heated denial. Developments in 1946 indicated that, though the war and the Axis might be things of the past, the policy of Argentina toward its smaller neighbors remained the same: the use of political and economic pressure to achieve a maximum of influence, if possible, domination. Perón's successful defiance of the United States gave him undoubted prestige and corresponding advantages. How could Uruguay, for example, be expected to antagonize its larger neighbor indefinitely? Perhaps the most remarkable thing about developments in the Plata basin in the latter half of 1946 and early months of 1947 was that the popular and democratic forces in the smaller countries were so bold and so successful in asserting themselves.

In Bolivia the Villaroel government was maintaining itself by fraud, violence and terror. Americans could not feel happy that this government, which the Blue Book had shown was installed through a plot involving German agents and Argentine government leaders, had been recognized and welcomed into the United Nations. Consequently, there was great relief when the situation was saved in mid-July 1946 by the people of La Paz, who overthrew and murdered their oppressors in a week-long revolt which cost several hundred lives. The bodies of Villaroel and his chief lieutenants were strung up on lamp-posts, while a revolutionary *junta* of labor and university leaders announced its intention to restore civil liberties and establish democratic government. The United States recognized the new regime on August 12, several other American republics having

already taken that step. Argentina, on the other hand, dismayed at the fall of its protégés in La Paz, welcomed the new government with a blow which hit the hungry Bolivians where it hurt most; food shipments were suspended.

The Bolivian plateau, rich in minerals, depends on outside sources for its food, the only convenient source being Argentina. In the last few years the two countries had entered into several economic agreements which, in matters of oil, food and transportation, tied the Bolivian economy closely to that of Argentina. The intention of the latter to apply the thumb-screws represented a challenge to the new regime in La Paz and also to those American nations which wished it well in its efforts to restore sanity and decency in government and to raise the pitifully low living standards of the Bolivian people. The regime managed to maintain itself. In January 1947, it held a presidential election, the freest in years. The Argentine-Bolivian economic agreement concluded on March 8, providing for limited free trade and the financing of Bolivian industries, indicated that Argentina had abandoned sanctions to return to the more effective method of economic penetration.

The fate of Villaroel had immediate repercussions in Paraguay. Declaring his desire to retire as soon as the will of the Paraguayan people could be determined by free elections, President Morínigo formed a new cabinet and gave legal rights to opposition parties, including the Communists. The new freedom did not last long. In January 1947 Morínigo discovered a plot against him and took the occasion to reestablish a personal regime. In March he was faced with a large-scale military revolt. For years he and his clique of army officers had paid lip service to Pan American ideals—although some were avowed fascists—and, though taking the anti-Axis measures required under the Rio agreements, had used United States loans and equipment to keep themselves in power. At the same time they were on the best of terms with the military rulers of Argentina. They had to be, since practically all Paraguayan foreign trade went to or through Argentina. No political changes within Paraguay could shake Argentina's economic hold on that country,

fated by geography to be either a willing satellite or the first victim of any Argentine drive to take the leadership of a bloc of states in South America.

Uruguay's position was nearly as exposed, but its temper was entirely different. Having created a working system of democratic government, the majority of Uruguayans was determined to hold out against any attempt at domination by Argentina. They had been able to do this by hearty support of the inter-American system and by leaning on the United States and on Brazil. The possibility that either or both of those two powers might come to terms with Perón was an ever-present and unsettling factor in Uruguayan politics. Perón's success in defying the United States could not help strengthening the nationalist party of Luis Alberto de Herrera, a leader who had never hidden his antagonism to democratic methods and who had long been in contact with Perón and other Argentine nationalists. As the date of the presidential and congressional elections approached, the Argentine government gave Uruguay a taste of economic pressure by cutting off wheat shipments and threatening to curb the important tourist traffic. The United States immediately agreed to guarantee Uruguay's wheat supply, whereupon shipments from Argentina were resumed. The elections, held in November 1946, resulted in the victory of Tomás Berreta of the pro-United States *Colorado* party, but Herrera received approximately 176,000 votes, more than any other candidate,¹⁵ and his party obtained 31 seats in the new Chamber and 10 in the Senate. Perón had reason to be satisfied with the results. It appeared that Uruguayans might be beginning to think better of their audacious policy of opposing Argentina's manifest destiny.

The "austral bloc," of which the leaders of the new Argentina were wont to dream, included not only the countries of the basin of the Plata River, but also Chile, Argentina's neighbor along three thousand miles of nearly impassable mountain

¹⁵ The *Colorado* Party was split and its three factions presented separate candidates. Under the Uruguayan electoral law all the party's votes are in the final count credited to the party candidate having the highest total.

frontier. Chile had coal and iron, not very much but enough to attract the attention of an Argentina totally devoid of those resources so necessary for its program of industrialization, even though it would be far more economical to import them from other countries. Argentina could use food as a weapon in this case also, as Chile was a regular importer of wheat and meat. In both countries hostility to the United States seemed to be growing, but there was little sentiment in Chile in favor of Perón and his doctrines. As Argentina went further along the road to the totalitarian right, Chile maintained its democratic system despite the crumbling of the popular front coalition through strife among its constituent parties, the Radicals, Socialists, and Communists. The latter were the strongest Communist Party in Latin America, the basis for their strength lying in control of important labor unions. They had wholeheartedly supported cooperation with the United States during the war, but at its end their line turned to defense of Chile against "Yankee imperialism."

In the elections held in September 1946, after the death of President Ríos, the victory went to Gabriel González Videla, candidate of the united left coalition which included the Communists. Lacking an absolute majority of the popular vote, González had to be confirmed as President by the Congress on October 24. Six modern units of the United States Navy were at the time en route to Valparaíso. Denouncing this move as pressure and intervention, the Communists had threatened a general strike if González's election should not be upheld. The confirmation took place without incident, and it turned out that the naval mission, headed by Admiral Leahy, a personal friend of the new president, had been sent to be present at his inauguration and with no intention of influencing Chilean politics; if there was a political motive, it was to show Argentina, also represented by a naval mission which had come with ten warships, that the United States was not disinterested in that part of the world.

González, in a pronouncement preceding the ceremony, said that no one party would dominate his regime and that he was

a loyal and good friend of the United States. He included in his cabinet some Liberals—the Liberal Party had voted against him at the polls but for him in the Congress—and also three Communist ministers, whose nomination may have given some cause for alarm to those in Washington responsible for maintaining the Good Neighbor policy. Would the Chilean leftists perhaps team up with Perón against the United States? In Argentina the Communists had recently endorsed Perón despite his former persecution of them. There were shouts, at González's inauguration, of "Long live Chilean-Argentine friendship," and within a short time negotiations were undertaken with Argentina resulting in a comprehensive trade agreement, signed on December 13th, by which the two countries agreed to abolish duties except on certain products and to exchange various commodities on preferential basis. Argentina was to make available to Chile approximately \$175,000,000 in credits for industrialization, construction of new road and rail connections between the two countries, and intensification of their mutual trade.¹⁶ Both countries called the pact a great step toward a "free cordillera," a full customs union, which had been talked about for decades.

Was it also a step toward a bloc under Argentine leadership, antagonistic to the United States? For the moment at least, the eyes of Chile's new president appeared to be fixed on his country's pressing economic problems, not on political adventures. He reassured the United States, saying that the agreement represented not the slightest change in Chile's foreign policy. He saw no reason to fear Argentine economic penetration or domination. According to an official Chilean statement issued to correct "erroneous interpretations," the conclusion of similar agreements with other countries, especially in Latin America, was not excluded, despite a clause in the treaty specifically ruling out most-favored nation treatment. *El Siglo*, organ of the Chilean Communists, which had attacked Perón in the past, hailed the new pact as a means by which both countries

¹⁶ 300 million Argentine pesos were to be invested in Chilean industries; 300 million were loaned directly to the Chilean Government; 100 million were advanced to cover Chile's unfavorable balance in its trade with Argentina.

could break away from the domination of Wall Street and win economic independence.

7. *Economic Nationalism*

A proposal "to work for the elimination of economic nationalism in all its forms," put forward by the U.S. Delegation at the Mexico City Conference in 1945 as one of the clauses of a draft "Economic Charter of the Americas," evoked no enthusiasm among delegates of the other republics. It seemed to challenge basic economic policies which they had already adopted and were determined to carry through. Economic independence was the goal voiced by virtually every government and political party in Latin America.

During the war these countries kept up their exports of food and raw materials, but they could not get what they wanted in return. They built up large balances in New York and London but suffered shortages and inflation at home. Except for limited trade with Great Britain and the Iberian Peninsula, they were cut off from Europe. As during the previous war and in the economic crisis of the 1930's, their helplessness to maintain economic stability in the face of events and decisions outside their control was patent. The end of the war found them seeking assurances on two points. Would the United States keep up the level of wartime imports, or at least not cut them off abruptly? And would the United States export the machinery and consumers' goods they needed, lend a helping hand in their industrialization, and aid them to raise their standards of living?

William L. Clayton, Assistant Secretary of State, gave assurances at Mexico City that the United States would "cooperate in devising measures to meet the shocks resulting from the ending of wartime purchasing of strategic materials." While this promise did not satisfy most Latin American delegations, their fears were not borne out by immediate developments. Through 1945 and 1946 the United States helped enormously by continuing to make heavy purchases. The rubber agreement with Brazil

and half a dozen other countries was extended to June 1947. Imports of Uruguayan wool remained high. The expiration of contracts for manganese, chrome, zinc, and tungsten did not cause much dislocation in the producing countries. Deliveries of Cuban sugar and Bolivian tin continued after the expiration of the wartime agreements pending completion of negotiations for further U.S. purchases. As a matter of fact, in a world-wide seller's market Latin America was having no difficulty in finding takers for its goods. In July 1946 the United States agreed to purchase the 1946 and 1947 Cuban sugar crops. New tin contracts were negotiated with Bolivia in 1946 and again in 1947, with the United States agreeing after long negotiations to pay the price which Bolivia demanded; but 1946 production was well below that of 1945, and the return of Malayan tin to the world market offered a gloomy prospect to Bolivia. After the expiration in 1945 of the contracts for Chilean copper and nitrates, the United States again undertook to buy a fixed quota of copper during the second half of 1946, but Chile had no assurance that the problem of postwar markets for these two basic exports would be solved.

All these countries would be affected by the long-term policy of the United States on stockpiling as well as on commercial imports. The Stockpiling Act of 1946¹⁷ contained a "Buy American" clause giving preference to domestic materials which was inserted against the wishes of the State Department and not welcomed in Latin America, but the President, in signing the law, stressed that this clause should not be used to subsidize uneconomic producers or to give domestic interests an advantage over foreign producers greater than that provided by the tariff. The Act provided for a two billion dollar government stockpile of specified strategic materials, many of which—for example, tin, tungsten, mica, industrial diamonds, antimony, sisal, quebracho, and cinchona—could be obtained in Latin America and were available at home in insufficient quantities if at all.

While the level of U.S. imports from Latin America remained high, the volume of exports increased after the end of

¹⁷ Public Law 520, 79th Congress, 2nd Session (S.752), approved July 23, 1946.

the war, although not as rapidly as the Latin Americans, starved for industrial and transportation equipment and rarely given parity with the competing domestic demand in the United States, would have liked. In 1946 the value of exports to Latin America exceeded that of imports, a sharp reversal of the war-time situation.¹⁸ The flow of long-awaited goods into Latin America was generally insufficient to halt the inflationary spiral, but it did help them to avert the economic collapse which many had predicted.

The greater availability of foreign goods and the increase in trade did not satisfy those who were calling for a coordinated hemisphere program of rational industrialization and economic development. The attitude of the United States, though not one of opposition, was not especially comforting to them. Washington placed greater emphasis on general acceptance throughout the Americas of the principle of non-discrimination, the reduction of tariff barriers, and the removal of exchange controls and other obstacles to international commerce. The United States considered a revival of world trade essential to general peace and prosperity; believing excessive economic nationalism to be a potential menace to both, it could not compromise on these axioms of its commercial policy. Although sympathetic to the idea of industrial development in Latin America and other "colonial" areas and willing to provide capital and technical help, the United States wished to steer clear of the concept of a "hemisphere economy," which might encourage the formation of blocs in other areas and prejudice the success of its world trade program.

The larger Latin American nations, on the other hand, would not sacrifice their own national economic programs for the sake of general principles which they took to be a front for the desire of the United States for markets. They could not agree to abandon high tariffs, exchange controls, or enterprises for state trading. As a result of this fundamental divergence of views,

¹⁸ U.S. exports to Latin America in 1944 totalled \$1,055,295, in 1946 \$2,099,601,000. U.S. imports from Latin America in 1944 totalled \$1,593,662, in 1946 \$1,760,128,000 (*Foreign Commerce Weekly*, XX, September 8, 1945, 4; *ibid.*, XXVI, March 22, 1947, 11-12).

the rather vague Economic Charter of the Americas finally adopted at Mexico City was quite different from the original U.S. proposals. These differences came out into the open again at the preliminary trade conference in London in the autumn of 1946, where the Latin American representatives were less interested in the removal of trade barriers than in measures to increase production and promote industrialization in less developed countries.¹⁹ If unresolved, this conflict might constitute a greater threat to the Good Neighbor policy than all the furor raised by the charges and counter-charges which had clouded political relations among the American republics.

At Mexico City a decision was taken to exchange more concrete information and views at an Inter-American Technical Economic Conference. Scheduled for 1945, it did not meet in that year or in 1946. Meanwhile, in default of an agreed inter-American economic program other than the Economic Charter of the Americas and the common obligations under general international agreements to which the United States and most other American republics were signatories, the Latin American states worked out their own plans for development and tailored their foreign economic relations, in so far as was possible, to fit them. These programs could hardly be carried out except through rigid governmental direction and control, including control of foreign trade. There was a growing emphasis on government-organized development (*fomento*) corporations and joint state-private companies, to which was assigned the practical execution of the plans for public works, new industries, the modernization of agriculture, and the development of new sources of power. Argentina, Brazil, Chile and Mexico, the most industrialized of the Latin American nations, led the way.

In March 1946 the Argentine Government nationalized the Central Bank and gave it wide powers over the country's financial system in order to carry out the contemplated economic expansion. Subsequent measures had the effect of placing the en-

¹⁹ A detailed exposition of this Latin American view appears in a communication from the Colombian Government to Sir Stafford Cripps, President of the Preparatory Commission for the ITO. (See *Revista del Banco de la República*, Bogotá, XIX, November 1946, 739-742).

tire national economy under government control. Through the Institute of Trade Promotion the government engaged directly in trade on a large scale. Perón came forth in October with a five-year plan intended to create a new and stronger Argentina. Although it covered all phases of national policy, including the strengthening of the armed forces at an undisclosed cost to the taxpayer, the heart of the plan was the protection of existing industries, the creation of new industries, and the substitution of national for imported products. Land reform and immigration (50,000 annually) were other significant points. In executing the plan the president would govern the nation "integrally," the economic as well as the political sphere. Perón assured critics that the plan was not totalitarian in inspiration or in aims, that he was not hostile to foreign capital so long as it respected Argentine sovereignty, and that he hoped for increased foreign trade; but in explaining his plan to Argentine industrialists he made the statement that capitalism was doomed and that the new Argentina would have state intervention "in everything that constitutes the economy of the country."²⁰

Under the "New State" of the Vargas regime Brazil already had taken the path of directed industrialization. Brazilians pointed with pride to the national steel industry at Volta Redonda, which was to be the largest in Latin America. Government-sponsored and financed partly by \$45,000,000 advanced by the U.S. Export-Import Bank, it came into production on a small scale in 1946. Other industries were being financed, with direct government guarantees, by the Banco do Brasil. The Dutra government, despite measures liberalizing control of banks and foreign exchange and certain clauses in the new constitution indicating a retreat from extreme nationalism, clearly intended to follow the same path as Vargas. Chile, for its part, had established in 1939 a *fomento* corporation which continued to grow and to interest itself in many branches of the national economy. Besides providing protection from the fluctuations of export markets and in the balance of payments, it was used,

²⁰ See *La Prensa*, Buenos Aires, October 1, 3, 5, 22, 24, and November 29, 1946, for Perón's detailed explanation of the plan to the press, to the Argentine Congress, and to the Industrial Union.

where private capital alone would not undertake the job, in establishing industries deemed necessary in the national interest. Such was the steel industry, for the establishment of which a mixed company was formed in April 1946.

In Mexico there was considerable talk of "planned industrialization" although in fact there was little planning except in isolated fields such as irrigation and electrification. Government, industrialists and the labor movement were unanimous in their belief in the need for industrialization as a defense against imperialism and a way out of "colonial" status. Higher tariffs and stricter import controls were instituted to protect those industries which had grown up during the war. Under the presidency of Alemán, elected in July 1946, local business interests were in a stronger position than before. In a speech made when President Truman visited Mexico in March 1947, Alemán gently pointed out that "a mature understanding of its own interests obliged the United States not to oppose Mexico's industrialization."

New industries required capital. Local capital was replacing foreign capital in many countries, but could not do the job alone. In the public utilities field the long-standing desire for local control remained strong. Foreign companies operated under the threat of expropriation, some finding it wise to accept reasonable offers to purchase their properties; the purchase of the I.T. & T.'s *Unión Telefónica* by the Argentine Government in 1946 set a pattern more acceptable to all concerned than that of expropriation followed by disputes over compensation. The resolution on the subject of industrial development adopted at the Mexico City Conference formulated the principles that equal treatment should be given to national and foreign capital "except when the investment of the latter would be contrary to the fundamental principles of public interest," and that "the investment of foreign capital in private enterprises . . . should preferably be made in such a manner as to assure to national capital a just and adequate participation, not only in the establishment of such enterprises but also in their management."²¹

²¹ Resolution No. 50, *Inter-American Conference on Problems of War and Peace* (Washington, 1945), 81.

As an inducement to cooperation, a more friendly attitude toward United States capital was evident in most countries. Latin America was interested in loans from the Export-Import Bank for specific development projects, but by far the greater share of the Bank's available capital was going to European and Asiatic countries, with the result that Latin American requests often had to be scaled down. The largest loans went to Brazil for cargo steamers and to Chile for its new steel industry. Several others were granted loans for the purchase of transportation equipment.²² There was also a desire to attract private capital from the United States in the form of direct investment, generally on condition that it participate, on certain prescribed terms, with domestic capital in projects coming within the scope of national development programs. This was the basis on which U.S. corporations, interested in minimizing the risks of investment and in obtaining a good position in the local markets, shared in the formation of mixed companies. The most striking example was the *Industria Eléctrica de México*, expected to become the leading electrical producer in Mexico.²³ Mexico was the field of investment most favored by private U.S. capital in 1945 and 1946, with Brazil a close second, although in neither case was the capital outlay large.

As a further conciliatory step aimed at attracting capital and at clearing up a long-standing source of dispute, several Latin American governments negotiated settlements, or made offers for adjustment of their defaulted bond issues.²⁴ Fortified by rising dollar balances, Brazil, Mexico, Colombia and Panama had made settlements or offers during the war. El Salvador offered a debt settlement in July 1946 which the Foreign Bond-

²² In the 18 months ending December 31, 1946, the Bank authorized a total of \$138,690,000 in loans to American republics. \$47,350,000 went to Chile, \$46,060,000 to Brazil (Export-Import Bank of Washington, *Third Semiannual Report to Congress*, Washington, 1947, 44-45).

²³ Of its \$15,000,000 capitalization, \$10,000,000 was to be subscribed by private investors (51% Mexican, 49% American) and \$5,000,000 by the Mexican Government. Technical aid was to be provided by Westinghouse.

²⁴ See Willy Feuerlein and Elizabeth Hannan, *Dollars in Latin America* (New York, 1941). The Spanish edition, *Dólares en América Latina* (Mexico, 1944) contains a new chapter covering the war period.

holders' Protective Council recommended favorably to the bondholders. Peru, early in 1947, adopted a law offering a settlement of its defaulted dollar debt which the Council, however, did not recommend as satisfactory.

In the field of economic development, many of the engineering, sanitary and other projects sponsored by the Office of the Coordinator of Inter-American Affairs were handed over to the Latin American governments, and the financial contributions from the United States curtailed. The Inter-American Development Commission, from which much had been hoped, was doing valuable work in the way of investigation, technical missions, and in certain specific projects, but on a very small scale and with limited resources. The Inter-American Economic and Social Council, established in November 1945 in pursuance of a decision of the Mexico City Conference, appointed a number of committees, but over a year later concrete proposals were still awaited.

To many in Latin America it seemed that the United States, preoccupied with the greater problems of economic reconstruction in Europe and Asia, was no longer showing the special solicitude for the economic problems of the other American republics that it had in the days before and during the war when it was wooing their support. Similar criticisms were made of the United Nations. When the General Assembly voted in December 1946 to recommend the establishment of economic commissions for Europe and Asia, in order to give effective aid to the countries devastated by war, it was unwilling to recommend at the same time the establishment of boards which would give expert advice to member countries in connection with their economic development. For the time being the Latin American states had little hope of concrete assistance as part of a general world program. The International Bank for Reconstruction and Development, to which they had been told to look for support, had yet, at the close of 1946, to make its first loan. The pressure on the United States to lend a sympathetic ear to requests for assistance on an inter-American basis was correspondingly greater.

CHAPTER EIGHT

AMERICAN RESPONSIBILITIES IN THE FAR EAST

1. The Occupation of Japan

HISTORICALLY, the United States has been readier to assume responsibilities in the Far East than in Europe. In becoming a world power at the turn of the century this country extended its territorial limits to the western Pacific; it became an Asiatic power with a direct interest in the balance of power in that part of the world. At the same time an American Secretary of State proclaimed the doctrine of the Open Door in China, which we have since tried consistently to uphold.

American isolationism between the two world wars and the neutrality laws which it fathered were products of a mind which was fixed on Europe. But if Europe's quarrels were believed to be none of our business, Asia's quarrels, on the other hand, were often regarded as our own. In the decade from the seizure of Manchuria in 1931 to the attack on Pearl Harbor, America took the lead in the condemnation of Japanese aggression and in the steps, ineffective though they were, to discourage or combat it. Then, after the United States was brought into the war by an attack in the Pacific, American forces carried practically the whole burden of the long and costly campaign against Japan. These circumstances made Americans not only ready to assume responsibility in determining the future of Japan but unwilling to share it equally with their allies.

On his way to Teheran in 1943 Roosevelt met Churchill and Chiang Kai-shek in Cairo for a discussion on the Far East. The resulting joint declaration served notice on Japan that it would be stripped of all territories seized from the Chinese, all islands occupied since 1914, and "all other territories taken by violence and greed." For nearly two years that remained the only state-

ment of Allied intentions on the future of Japan. In July 1945 the same three governments, in a proclamation which was in fact an appeal to Japan to quit the war, set forth in clear terms what Japan would face if it did surrender, and what would be its fate if it did not. That fate would be "prompt and utter destruction." If they capitulated, the Japanese could look forward to the loss of all territories beyond their four home islands, the dissolution and disarmament of their military and naval forces, Allied occupation of their home territory, the elimination of the authority and influence of those responsible for Japan's attempt at world conquest, and the exaction of just reparation in kind. On the other hand, said the three-power statement, the Japanese people would not be enslaved as a race or destroyed as a nation; fundamental human and civil rights would be restored, and the Japanese Government would be required to remove obstacles to the strengthening of democratic tendencies among the people; Japan would be allowed to maintain such industries as would sustain its economy, to have access to raw materials, and eventually to participate in world trade. The Allied occupation forces would be withdrawn as soon as the objectives mentioned in the statement had been accomplished and a peacefully inclined and responsible government instituted in accordance with the freely expressed will of the Japanese people.

This declaration was issued, significantly, from Potsdam, where the American and British Heads of Government were conferring personally not with Chiang Kai-shek but with Stalin. The Soviet entry into the war in the Far East, promised at Yalta, was not far away. The Japanese, their empire lost, their cities pounded and burned by American bomber fleets and naval task forces, their homeland threatened with imminent invasion, had good reason to consider seriously the Potsdam terms. While they sought ways to make contact with the Allies and negotiate a surrender, events rushed to a climax. On August 6 Hiroshima was blasted by an atomic bomb. Two days later Russia publicly endorsed the Potsdam terms and sent its armies driving into Manchuria. A second atomic bomb was dropped, this time on

THE FAR EAST

Scale of miles

0 200 400 600 800 1000



Nagasaki. On August 10 Japan formally agreed to accept the Potsdam terms, with the understanding that they did not prejudice the prerogatives of the Emperor as a sovereign ruler.

The Japanese thus posed a question on which there had been much talk in the United States, and serious study as well, ever since Pearl Harbor. What should we do with the Emperor? Should he be disposed of as War Criminal No. 1? Or was he a mere symbol, not responsible for the sins of the Japan of the past and possibly useful in effecting the transition to the Japan of the future? The school of thought represented by Joseph C. Grew, former Ambassador in Tokyo then serving as Under-Secretary of State, prevailed. He held that to refuse to "deal" with the Emperor or to insist on his abdication would be foolhardy. Especially in the purely practical matter of effecting the surrender and disarmament of millions of Japanese troops, only his command might bring about the desired results; it might mean a difference of many lives. During the occupation his authority could be used to help carry through the demilitarization of Japan.

The United States proposed to answer the Japanese note as follows: From the moment of surrender the authority of the Emperor and of the Japanese Government should be subject to that of the Supreme Allied Commander, who would take such steps as he deemed proper to put the surrender terms into effect; the Emperor would be required to ensure the signature of the surrender terms and to order the cessation of all Japanese resistance. This answer, agreed to by Britain, China, and the U.S.S.R., brought forth from Tokyo on August 14 the word for which the world was impatiently waiting; Japan would capitulate. On September 2, 1945 aboard the U.S.S. Missouri, the instrument of unconditional surrender was signed. Japan agreed to carry out, under Allied direction, the provisions of the Potsdam declaration, and formally acknowledged that the authority of the Emperor and his government was subject to the Supreme Commander.

General Douglas MacArthur, the Supreme Allied Commander, entered Tokyo at the head of an American army of

occupation. In theory his policies were Allied policies. Actually they were American policies. The U.S. Government, working through the State-War-Navy Coordinating Committee, determined the basic directives. The occupation authorities in Japan were the instruments of policy, as Acting Secretary of State Acheson acidly pointed out to the press on September 19 after an unexpected statement by MacArthur giving his own view on early reduction of the occupation force. Their task was to carry out the directives. Since the general had a mind of his own, and as the gap between stating an objective and putting it into effect could be wide, American policy, in practice, was made both in Washington and in Japan. And despite the highly personalized role of MacArthur, orders issued in Tokyo, like the directives from Washington, were the product of many minds.

The basic directive on occupation policy, the result of intensive study in the State Department during the war years and of consultation among the State, War and Navy Departments since early in 1944, was approved by the President and sent to MacArthur at the start of the occupation.¹ Briefly, it was an elaboration of the Potsdam declaration and the terms of surrender. It set forth as ultimate objectives: "(1) to insure that Japan will not again become a menace to the United States or to the peace and security of the world; (2) to bring about the eventual establishment of a peaceful and responsible government which will . . . support the objectives of the United States as reflected in the ideals and principles of the Charter of the United Nations." The desire of the United States to see in Japan a government conforming to the principles of democratic self-government was mentioned with the reminder that it was not the responsibility of the Allies to impose on Japan any form of government not supported by the freely expressed will of the people.

The above objectives were to be achieved, to put it briefly, by the following means: (1) complete demilitarization and the

¹ Department of State, *Bulletin*, XIII, September 23, 1945, 423-427. The directive was sent by radio on August 29. It was officially transmitted on September 6 and released to the press on September 22.

elimination of the militarist influence, (2) the encouragement of fundamental human rights and of democratic and representative organizations, and (3) changes in the economic structure of the country to destroy the industrial basis for military power and to permit payment of reparation, at the same time affording Japan the opportunity to meet the peacetime requirements of its population. The existing form of government was to be used, not supported. Changes initiated by the Japanese modifying feudal and authoritarian tendencies were to be "permitted and favored."

An immediate problem was to round up, disarm and demobilize four million Japanese soldiers and to repatriate one million Allied nationals. This task was performed efficiently, even brilliantly, within the space of a few weeks. It was done with limited American personnel, by making full use of the authority of the Emperor and the Japanese Government. When it was completed, Japan no longer existed as a military power. The principal immediate war aim of the United States was achieved in record time. The next phase of the problem, to remove the economic and the spiritual bases on which Japan's military power and aggressive tendencies had rested, was many times more difficult. This meant fundamental changes in the structure of Japanese society. Revamping the Japanese economy might take several years. The "moral regeneration" of Japan would take decades.

The first months of the occupation witnessed a series of sweeping MacArthur directives ordering the arrest and trial of war criminals; the dissolution of militaristic societies and groups and the arrest of their leaders; the abolition of military drill and ultra-nationalist teaching; the abolition of the secret police and all agencies established to limit freedom of speech, religion, or assembly; the end of press censorship and of the special privileges of the Domei news agency; the prohibition of racial, national and religious discrimination; the revision of school books, emphasizing the objectives of the occupation authorities and the responsibility of the Japanese militarists for the country's downfall. The difficulties of putting such direc-

tives into effect throughout Japan were, of course, enormous.

On December 15 MacArthur issued an order ending compulsory adherence to, and state support of, Shinto. Without attempting to disturb local beliefs and observances, the American authorities wished to strike at the state cult of the divinity of the Emperor and of the superiority and unique mission of the Japanese race. This was a necessary preliminary to dealing realistically with the Emperor. In order to follow out the policy of using him as a means of instituting the contemplated drastic political and social changes, while leaving to the choice of the people the final form of government, the American authorities had first to dispose of state Shinto. Two weeks later came the imperial rescript in which the Emperor repudiated the theory of his own divinity. On paper these were revolutionary measures. They cleared away obstacles to basing Japan's political system on the doctrine of popular sovereignty. The reality of the change, however, would be determined not by the fiat of temporary authorities but by the Japanese themselves. The American authorities, though possessed of the power to act directly, were short of personnel and had to rely on the existing Japanese government and institutions. Unfortunately, those who manned the administrative machine were not enthusiasts for regeneration; many had served the old regime but were not sufficiently tainted to merit arrest for war crimes or exclusion from office. And the Japanese people had not been converted overnight to an understanding of, or belief in, democratic theory and practice.

In Allied nations there was little criticism of MacArthur's vigorous measures, although Molotov at London in September called his policy too lenient. Strong criticism, on the other hand, was voiced against the manner in which policy decisions were reached. The United States was reproached with regarding Japan as its own preserve, and it was true that, though willing to consider the views of other powers, the U.S. Government did not wish to be bound by the decisions of any Allied control body. For this insistence on the exclusion of the other Allies the War Department and MacArthur, not the State Department,

were primarily responsible. In August the British had proposed an Allied control commission in Tokyo. Molotov made the same point in September at the meeting of the Council of Foreign Ministers. The United States, desiring nothing more than a purely advisory commission, tried to avoid the parallel with Germany but saw possibilities of using the precedent of the control commissions in the Balkan states, where the Soviet representatives did as they wished and their colleagues were reduced to observations and protests. The difficulties and inconsistencies of the American position were apparent. The Balkan parallel could not be drawn too sharply without nullifying the repeated claims for "genuinely tripartite" action there; on the other hand, even an arrangement on the Balkan model, which would in fact give the United States a dominant position in Japan, would not be acceptable to MacArthur.

Secretary Byrnes, on his return from London in October, proposed the establishment of a Far Eastern Advisory Commission in Washington, to recommend policies for the control of Japan. In cases where there was no agreement, the policies of the United States would govern. The project of an Allied control council in Tokyo was dismissed by the Secretary as "not wise." When the Commission met, no Soviet representative was present. The other powers concerned began to grow restive. Britain did not like being shut out of Japan any more than Russia did. The outspoken Dr. Evatt of Australia, seeing that the smaller powers were being left out of the important negotiations, called dim indeed the outlook for international cooperation, "always preached and not always practiced." In the face of this criticism and the firm Soviet stand, the United States saw the need of making a further retreat. It was carried out at the Moscow Conference in December. The result was an agreement among the Big Three, which China and the smaller powers accepted, on the establishment of a Far Eastern Commission in Washington, composed of the Pacific powers which had fought against Japan,² and an Allied Council in Tokyo with members repre-

² U.S.A., U.K., U.S.S.R., China, France, the Netherlands, Canada, Australia, New Zealand, India, Philippine Commonwealth.

senting the United States, the British Commonwealth (United Kingdom, Australia, New Zealand, India), the Soviet Union, and China.

The function of the Far Eastern Commission was to formulate principles and policies for the fulfillment by Japan of the terms of surrender, and to review directives issued to the Supreme Commander or any action taken by him including policy decisions. The Allied Council was an advisory body with which the Supreme Commander was to consult on matters of substance. It did not limit his authority; he remained sole executive authority for the Allied Powers in Japan. But on certain fundamental matters (a change in the regime of control, in the Japanese government as a whole, or in the constitution) he would have to withhold orders, in case of objection by a member of the Council, pending agreement on the point in the Far Eastern Commission. The Moscow agreement did not change the character of the military occupation, which remained American, but arrangements were made to add token forces from the British Commonwealth. China felt unable to spare any troops for occupation purposes. The Soviet Union did not accept the invitation to participate.

Secretary Byrnes, reporting on the results of the Conference, explained the concessions by saying that the United States all along had planned to make control of Japan an Allied responsibility. He stressed that American policies and the efficient administration already set up in Japan were safeguarded. By the operation of the great-power veto in the Far Eastern Commission no policy could be adopted without our concurrence. Directives, he pointed out, would still be issued by the U.S. Government, not by the Far Eastern Commission or the Allied Council. Actually, the new machinery was so cumbersome that it could not be expected to result in the exercise of real and continuing control over the U.S. Government or over MacArthur. On the same day, December 30, 1945, the latter informed the world that he had not been consulted on the Moscow agreement, had no responsibility for it, and did not like it; however, he would try to make it work. It was not the view of the State Department

that he was or should have been responsible for the Moscow decisions, of which the agreement on Japan was but one element in the adjustment of American and Soviet interests in various parts of the world. As a whole the agreements, involving American concessions both in eastern Europe and the Far East, at least represented for the United States an approach toward greater consistency. In the former area there was a retreat from insistence on equal rights and influence, in the latter from insistence on exclusive rights and influence. The goal in each case was greater harmony among the major Allies without the sacrifice of vital American interests.

While the new arrangements placed the American authorities in Japan under the closer scrutiny of the Allies, the responsibility for day-to-day control still rested with the United States. Carrying out the general economic aims of the Potsdam declaration, for example, remained the task of General MacArthur and his staff. Notable progress had already been made in the first four months of the occupation. War production was prohibited; exports, imports and all business communications were forbidden without approval of the occupation authorities. The largest banks and all institutions which had been financing war production, development or colonization outside Japan were closed. Japan's gold and foreign assets had been seized. The big industrial plants stood idle, marked for destruction, seizure as reparation, or conversion to civilian production.

Edwin W. Pauley, the President's special representative for reparation matters, who visited Japan in November 1945, recommended in his preliminary report the reduction of Japan's steel, shipbuilding, machine-tool, and chemical industries to a level approximating that of the years immediately preceding Japan's career of conquest in the 1930's, and complete elimination of munitions plants, aircraft factories and specified light metal industries. Everything above the permitted levels would be removed as reparation. The purpose of such drastic removals was to reduce Japan's capacity to make war and to cut down Japan's lead, as an industrial nation, over others in the Far East. As compensation to the Allies, this equipment might be of con-

siderable use to China in its industrialization program, or to Australia, India, and the Philippines; it would be of slight interest to the United States or Great Britain.

In the spring of 1946 the Far Eastern Commission began discussion of a reparation program on the basis of American proposals, but agreement on how to determine and divide the booty was not forthcoming. Russian removal of Japanese-built plants in Manchuria, injecting a new controversial subject into the discussion, caused long delays. Though American troops occupied certain earmarked plants in Japan, nothing was actually removed. Aware that delay was upsetting Japan's rehabilitation and that of other Far Eastern countries, the United States pressed for the establishment of an Allied reparation commission for Japan. Several times it proposed that a conference be called to settle the matter but met Soviet refusal. Toward the end of 1946 there were indications that the United States, tired of waiting, might go ahead with its program without Soviet participation. On November 16 Pauley submitted his final report to the President, and in January, 1947, the State Department announced that directives would be sent to MacArthur to begin removals of equipment to China, the Philippines, and the Dutch East Indies. Such a directive was finally sent on April 2, the Far Eastern Commission having taken no positive action in the meantime.

The severe recommendations of the Pauley report evoked cries of dismay from Japanese industrialists. Pointing particularly to the prospective loss of steel capacity, shipping, and railway equipment, they said the plan would make impossible the achievement of the self-sustaining economy mentioned in the Potsdam declaration. There was, at the same time, some expression in the United States of the view that a drastic program of removals, at such a late date, would do more harm than good. Official circles seemed to be veering to the position that a system of international control to guarantee disarmament, through a four-power treaty on the lines of the draft submitted by the United States to the British, Soviet and Chinese Governments in June 1946, would be a more sensible means of guarding against

renewed Japanese aggression than stripping Japan of industrial plants.

The most challenging task facing the occupation authorities was not that of removing the physical industrial base of Japan's power to make war. The war itself, which had strained Japan's industry to the utmost, the loss of overseas possessions, and the advance of technology in other lands had already greatly reduced Japan's war potential. The more difficult problem was to break down the power of the privileged landholding and industrial groups, to disperse ownership and control of their property, and thus help to lay the foundations of a more democratic economic order, at the same time leaving Japan in a position, in the words of the Potsdam declaration, to sustain her economy and eventually to participate in world trade. This series of economic reforms was not undertaken for its own sake but because the old system had been so easily used for purposes of waging war.

On November 6, 1945, came the first of the steps aimed at the *Zaibatsu*, the great family trusts which had supported and managed the industrial side of Japan's career of aggression. Their power and influence ran through the entire Japanese economic and political structure; they could not be wiped out by a few decrees, especially since there was no one available to take over and make things run. The order of November 6, providing for the liquidation of the securities of the top holding companies, represented at least a start. This particular plan, as a matter of fact, had been suggested by the four biggest combines themselves (*Mitsui*, *Mitsubishi*, *Sumitomo*, *Yasuda*), in anticipation of the attack which they knew was coming. A U.S. mission, sent to Japan in January 1946, reported that neither that measure nor the contemplated heavy taxation would really cripple them. An effective program required more specific measures. Although the mission's recommendations were not made public, the published factual section of the report recognized as the key problem the encouragement of new patterns of industrial organization to replace the *Zaibatsu* and prevent their reappearance. Any dissolution program which was more than a

feeble step toward economic freedom would have to "reach into many fields and seek to cut the roots that nourish and maintain the zaibatsu system."³ It was hoped that, in time, small business would supply a broader base of ownership and control. As a further preparatory step, pending the working out of a detailed plan, in November 1946 all Zaibatsu assets were ordered converted into non-negotiable government bonds. There was not much hope of decisive action on the part of the Japanese Government. The makeshift Shidehara cabinet, which held office from October 1945 until April 1946, and the Yoshida cabinet which came in after the general election, were no advocates of a new order. They included men associated with the Zaibatsu, men who did not want to give way to the small independent businessmen and the labor unions, the two elements on which the occupation authorities counted as the backbone of a new system.

In December 1945 MacArthur issued a sweeping order pointing the way to fundamental agrarian reform "to destroy the economic bondage that has enslaved the Japanese farmers for centuries of feudal oppression." The Japanese Government responded with a law which was obviously inadequate in view of the limited arable land in Japan and the great number of peasants without land or with dwarf holdings. The Supreme Commander, with the support of the Allied Council, called for thoroughgoing measures. The result was a new law, passed in October 1946, which made available for distribution a much greater acreage. Without solving the basic economic problems of Japanese agriculture, this law did seem to point the way to the elimination of the worst features of the existing system of tenantry.

Not all attention could be devoted to long-range reforms. The U.S. authorities had on their hands a ruined economy. In order not to endanger the safety of the occupation forces or prejudice the attainment of the long-run objectives, they had to keep the standard of living above the starvation level and to

³ *Report of the Mission on Japanese Combines*, Part I, Analytical and Technical Data (Department of State, Publication 2628, Washington, March 1946), 17.

encourage the reconstruction of industries which would serve peacetime Japan. Starvation and misery would make impossible any orderly approach to a system of political and economic democracy such as we wished to see develop. The food shortage impelled MacArthur to call for the importation of over three million tons of foodstuffs in 1946. While shipments did not come up to that figure, food and other essential products continued to be sent from the United States. That funds to pay for imported food had to come from the U.S. Treasury was another good reason why the occupation authorities encouraged Japan's recovery to the "self-sustaining" level.

Japan's civilian goods industries had suffered immeasurably from the concentration on armaments and from the war. Also, as in Europe, recovery was retarded by the critical shortage of coal. Stockpiles of other vital materials were dwindling. Foreign trade, conducted on an intergovernmental basis through the U.S. Army and the U.S. Commercial Corporation, eased the situation somewhat in the second half of 1946 and the first part of 1947. Under a decision announced in January 1946, the United States supplied Japan with certain key raw materials, such as cotton, for the revival of her industries, and allowed the export of textiles and raw silk, with the idea that this would provide needed foreign exchange.

As the occupation, like that of our zone in Germany, came to represent an increasing drain on the American taxpayer, the economic policies of Allied Headquarters were more and more centered on the problem of making Japan pay its own way. Until textiles and other light industries could expand exports to a point approaching the pre-war level, the heavy food imports which Japan required in 1947, as in 1946, would have to be supplied directly from the United States. MacArthur, in a statement sent to the War Department in February 1947 for transmission to Congress, said that the aims of the occupation would be compromised if food were not sent to prevent starvation and unrest; the charge, he argued, could be a first lien on Japanese assets and production. In 1946 Congress had appropriated \$188 million to supply food and raw materials (chiefly cotton) to

Japan. \$300,000,000 was requested early in 1947 and was appropriated by Congress in April, as an addition to the War Department budget for the fiscal year 1947, for relief in Germany, Austria, Japan and Korea. The \$725,000,000 requested for the same purpose in the 1948 budget was attacked immediately by economy-minded Congressmen, and it was doubtful how much would eventually be available for Japan.

Since General MacArthur had to rely on the Japanese authorities for the execution of his program, he came early to the conclusion that Japan should have a government chosen by the people. The Shidehara government, made up of remnants of the old regime, and the Diet, hand-picked by the Tojo government in 1942, were not fit instruments for the introduction of a more democratic system. Before the end of 1945, MacArthur ordered the government to begin working out a new constitution and a new electoral law. On January 4, 1946, he issued a purge order intended to eliminate from public life all the officials who had been active exponents of militaristic nationalism. The protests and the non-cooperation which these measures evoked in Japanese official circles illustrated the fundamental difficulty of trying to get rid of those individuals and groups responsible for creating and running the old Japan, while at the same time relying on its politicians and civil servants for day-to-day administration. A strict execution of the purge directive would virtually have wiped them out.

The government did not act on the purge order until March. As for drafting a constitution, it did not go beyond the point of tinkering with the old one. Under pressure, however, the Diet had passed a democratic electoral law on December 17, under which elections were held on April 10, 1946, little more than half a year after the surrender of imperial Japan. A majority of members of the Far Eastern Commission had recommended postponement on the grounds that no intelligent expression of views on their political future could be expected of the Japanese people during the uncertain period when their economic future was still in doubt. MacArthur went ahead despite their advice and pointed to the results as having justified his course. Both

sides could claim to have been right. A free and orderly election, with women voting for the first time, had been conducted; henceforth the Japanese people would have a Diet and a government resting on popular choice. On the other hand, as local administration was still largely in the hands of the bureaucracy, and as there was no full understanding of western democratic processes on the part of the Japanese people, undoubtedly the election was not the "intelligent expression of views" referred to by the Far Eastern Commission.

The new government, representing the conservative Liberal and Progressive parties, had to carry through the purge, which had already deprived the Liberals of their leader, and the adoption of the new constitution. Drafted in MacArthur's Headquarters, according to a number of reports,⁴ the constitution had already been reluctantly accepted, with a few changes, by the Shidehara government. The draft, made public on March 6, 1946, had something of the British and French systems in it, and more of the American. The position of the Emperor was to be that of constitutional figurehead; sovereignty rested with the people. There was to be a two-house Diet, to which the executive would be responsible. A long list of fundamental rights and freedoms was included. In one article Japan renounced war forever. General MacArthur, in a statement to the press, praised the draft in glowing terms. The Yoshida government considered it a necessary evil. Finally adopted by the Diet on November 3, it was to go into effect in May 1947. The Communists, who wished to dispose of the Emperor altogether, were the only party to vote against it. The near-unanimity could not be said to reflect widespread enthusiasm among the Japanese for the new charter. Though it gave them liberties they never had before, it was nevertheless the product of defeat and foreign occupation.

⁴ Gordon Walker, "Democracy Levied on Fumbling Japan," *Christian Science Monitor*, July 4, 1946; "Outlook in Japan, *The World Today*, II, November 1946, 512-523; D. N. Rowe, "The New Japanese Constitution," *Far Eastern Survey*, XVI, January 29, 1947, 13-17. General MacArthur publicly announced that it had been drafted "after painstaking investigation and frequent conferences between members of the Japanese Government and this headquarters."

The American-sponsored revolution, if it could be called that, of which the new constitution was the high point, was a limited one. Although the occupation authorities had insisted on measures for the emancipation of trade unions and for breaking the industrial power of the *Zaibatsu*, they had no intention of pushing Japan into anything beyond democratic capitalism. They openly opposed attempts of the Japanese Communists and some of the rapidly growing trade unions to discredit the Yoshida government and, by strikes and demonstrations, to mobilize the masses against it. Consequently, as the pace of reform slowed in the latter half of 1946, the United States, though denying any change in policy, seemed more and more to be supporting the position of the government and the conservative elements, while the Soviet Union, through its press and radio and its representative on the Allied Council, General Derevyanko, attacked MacArthur's policies and espoused the cause of the "democratic elements," namely the Communists, left-wing Social Democrats, and militant trade unions.

The Communists having done poorly in the elections, MacArthur and his political adviser, George Atcheson, Jr., felt justified in publicly condemning their activities as "agitation," inspired from outside Japan. A series of strikes aimed at the government led to an order prohibiting work stoppages "inimical to the objectives of the military occupation." Atcheson stated, apropos of a manifesto handed to the Allied Council following a left-wing demonstration, that the United States did not like Communism, either at home or in Japan. On a later occasion he made the surprising statement that the aims of the Japanese, meaning those who were not Communists, had become virtually identical with Allied aims. Other members of the Allied Council disagreed with this view.

Even though most of the noise was made by the Communists, there was ample evidence of the increasing unpopularity of the government. Premier Yoshida hoped to safeguard its position by leaning on the Americans. In an interview on August 11, 1946, he expressed apprehension that if the occupation did not last long enough, Japan might succumb to Soviet political and

economic inroads. In the following months his cabinet gave promise of succumbing to its own inadequacies. It was threatened on one side by more severe purge orders, adopted under Allied pressure, which required the removal of some of its own members; on the other, it faced militant opposition from the left. General MacArthur's praise of "a great majority of Japan's leaders" in his 1947 New Year's message did not quiet the opposition. A general strike of government employees, aimed at higher wages and also at replacing "this ruinous government" with a new "people's" government, was scheduled for February 1. At the last moment it was called off, on orders from MacArthur's headquarters. A national crisis was thus avoided, but the position of the cabinet was more difficult than before.

The American answer to the deteriorating situation was to direct, on February 7, 1947, that another election be held in the coming spring, whereupon the government set a series of dates in April and May for both local and national elections. The first consultation of the people in April 1946 had not given Japan political stability. Repetition of the process was not certain to improve the situation. It would, at the least, provide a measure of the effectiveness of the American occupation authorities in encouraging democratic thought and practices. Coupled with the entry into effect of the new constitution, it would give the Japanese people a chance to make democratic institutions work.

One of the notable features of the elections held in the spring of 1947 was the number of independents elected to local or national office without party labels. Most of them were conservatives, and the elections showed the same conservative majorities as those of the previous year. Although dissatisfaction with the government was apparent from the success of the Socialists, who won the greatest number of seats in the election for the House of Representatives held on April 25, the two conservative parties retained their majority. The Communists won but four seats in the lower house and none in the House of Councillors. MacArthur called the results a decisive repudi-

ation of communism and the choice of "a moderate course" by the overwhelming majority of the Japanese people.

The Allied Council, during the first year of its existence, enjoyed some lively sessions, marked by the sort of controversy already familiar in other parts of the world where American and Soviet interests clashed, concerning what groups on the scene were democratic, or totalitarian, or fascist. The British representative sometimes joined in the criticism of the American authorities; not that he often supported the Soviet view on these issues, but, like his Soviet colleague, he did not like the way in which the Americans acted on their own with slight consideration of the views of other members of the Council. Since the establishment of the Council there had been few directives to the Japanese Government which the Council could discuss, the American authorities preferring the method of informal "suggestions" to the Japanese. General MacArthur did not let his Allies forget that the occupation and control of Japan was an American show, nor that he expected them to give "ungrudging cooperation" in the great task to which he was committed on behalf of their governments as well as his own.

The occupation, in General MacArthur's opinion, was going well, so well that he was ready to call it a success and bring it to an end. In a press conference of March 17, 1947, he pointed out that its military purpose had been accomplished, the political phase was "approaching such completion as is possible," and the spiritual revolution was "probably the greatest the world has ever known." Democracy, he believed, was in Japan to stay. The pressing problems, the General continued, were economic. Japan's production and trade must be restored, but there was as yet no clearcut Allied economic policy. Continued occupation, he said, would not help solve these problems. Therefore the time was ripe to conclude a peace treaty and give the United Nations responsibility for enforcing any control necessary thereafter.

Premier Yoshida did not agree with the General on the early termination of the occupation. He said in a press interview

that the Americans should stay on even after the peace treaty, to combat communism and to ensure peace. From Washington there came no official statements either on concluding a peace treaty or ending the occupation. It was likely that the occupation would last some time yet, and that the economic problems outlined by MacArthur would have to be dealt with directly by the United States, out of its own resources. Japan was still at the bottom of the peace treaty list on the program of the Council of Foreign Ministers.

2. The Two Koreas

The American 24th Corps under General John R. Hodge, which had been getting ready at Okinawa to take part in the invasion of Japan, received orders in August 1945 to land in Korea. Hodge was to accept the surrender of the Japanese, and occupy the country south of latitude 38°. Soviet forces would occupy the northern sector.

The situation was unique. Governed as a part of Japan since 1910, Korea was not enemy territory. The Cairo Declaration of 1943 had promised the Koreans freedom and independence "in due course." Politically conscious groups seem to have expected immediate independence, not foreign occupation, certainly not a division of the country into two sealed zones of occupation. The original purpose of the division, a military decision taken at the Potsdam Conference, was to facilitate the disarming of the Japanese in Korea. The United States had no desire to see it continued indefinitely. That would not be consistent with our hope that Korea would progress rapidly toward independence. Unification of the country depended, however, on agreement between the two powers which had agreed to divide it. Meanwhile the United States had responsibility for governing southern Korea, a task for which it had not adequately prepared.

Northern Korea contained nearly all the country's mineral resources, manufacturing capacity, and sources of power. Southern Korea was a rich agricultural region. The natural inter-

change of goods was impossible in the absence of cooperation between Soviet and American forces of occupation. No aspect of our regime of military government in the south, said General MacArthur's first report on Japan and Korea, could escape the effects of that arbitrary division. Even without it, Southern Korea offered serious economic problems of its own. The deliberate debasement of the currency by the Japanese had resulted in runaway inflation. In both agriculture and industry, long under strict Japanese control and now left to the devices of the Koreans, there was disorganization. Basic land reform, already being carried out in the Soviet-occupied north, was necessary in the south as well. Transportation was crippled by lack of rolling stock and road repair machinery. Despite the good rice crop of 1945 and the fact that none of it had to be sent to northern Korea or Japan, the American Military Government soon was faced with a food shortage, thanks to its own mistakes, to hoarding, and to the activities of landlords and speculators.

On the political side the situation was no easier. Besides the task of keeping order amid great confusion, with local Korean groups acting on their own and demanding immediate independence, the American forces had to disarm and repatriate the Japanese soldiers and to establish some regular governmental authority. A proclamation of General MacArthur on September 7, the day before Hodge landed, announced the assumption of authority by the U.S. Command. American policy prohibited recognition or utilization for political purposes of "any so-called Korean provisional government or other political organization." Hodge, on September 9, stated his intention to administer southern Korea through Japanese officials already in office, a decision which seemed necessary owing to the lack of trained American personnel. The State Department quickly disclaimed any responsibility for this unfortunate statement, which was followed two days later by an order from MacArthur to Hodge to replace Japanese officials as rapidly as possible consistent with the safety of operations.

Off on the wrong foot from the very start, the American ad-

ministration ran into political problems that kept it in difficulties for months. The Korean people, dominated and exploited by Japan for thirty-five years, lacked experience in the art of government. Fifty-four political parties, according to an official report, were clamoring for a share in an independent Korean government. No one of them, except perhaps the Communists, had clear political aims other than self-rule for Korea, expulsion of the Japanese, and seizure of their property. The group of parties which, in the name of the Korean People's Republic, had taken over control of many towns and districts when the Japanese surrendered, represented the leftist elements. Although the only organized political group in the country, their idea of freedom and independence appeared to the incoming U.S. Military Government officers in southern Korea as something closely resembling anarchy. The conservative groups tended to rally round the former exiled leaders, Kim Koo and Syngman Rhee, who claimed to represent a "Provisional Government." General Hodge recognized neither the "People's Republic," whose authority in northern Korea had been confirmed by the Russians, nor the "Provisional Government" as having any official status. Official American policy was to govern impartially, leaving Korean politics to the Koreans; nevertheless Kim and Rhee, who were strongly anti-Soviet, enjoyed a certain favor on the part of the American authorities.

An attempt was made at the Moscow Conference of December 1945 to clear up the confusion in Korea and to make possible the eventual creation of an independent national government. The first and most urgent need, so long as the partition along the 38th parallel remained, was coordination between the two zones. The Moscow decisions provided that a conference should be held at once between the U.S. and Soviet Commands in Korea to establish permanent coordination in administrative and economic matters. Second, to prepare the establishment of a Provisional Korean Government, a joint commission representing the two commands was to consult with democratic Korean parties and to make recommendations for the consideration of the United States, Soviet, British, and

Chinese Governments, prior to a final decision on the question by the United States and the Soviet Union. That task accomplished, the joint commission was to work out, with the assistance of the provisional government, measures aimed at economic and social progress, democratic self-government, and national independence for the people of Korea. The commission's proposals would be presented to the four above-mentioned great powers, which would then work out "an agreement concerning a four-power trusteeship of Korea for a period of up to five years." This novel trusteeship plan, on which the United States and the U.S.S.R. had for some time had an understanding, was accepted by the Korean Communists, but the intensely nationalistic right-wing leaders in southern Korea protested vehemently and organized demonstrations against it. To ease the situation, Secretary Byrnes announced that the Soviet-American commission, working with the Korean provisional government, might find it possible to dispense with the trusteeship. Our goal, he said, was to hasten the day when Korea would become an independent state.

Soon after the Moscow Conference the trusteeship issue receded into the background for the simple reason that the other parts of the agreement, without which no progress toward Korean unity and independence could be made, were not put into effect. The immediate problem was to coordinate economic policies and allow goods to flow between the two zones. Representatives of the two commands met in January 1946. By February 5, so great were the disagreements that they saw no further use in continuing the sessions. The Soviet representatives asked for an exchange of commodities of equal value, being particularly interested in getting rice from the American zone. When the Americans pointed out that there was no rice available for exchange, the Russians saw fit to exclude discussion of raw materials, fuel, electric power, and industrial equipment. No progress was made toward a uniform currency, a unified telecommunication system, or free circulation of newspapers, proposals made by the U.S. representatives. All the conference could show in the way of results were limited agree-

ments on transportation and postal service and on the movement of individuals across the dividing line; even these did not work out in practice.

The joint commission which met at Seoul in March to establish a provisional Korean government had even less success. The opening speech of General Shtykov, chief Soviet delegate, was far from a good augury. Stressing his government's desire to see a truly democratic Korea friendly to the Soviet Union, not a Korea which could be used as a base for an attack, he mentioned "serious difficulties" standing in the way of democratization, difficulties brought about by "the furious resistance of reactionary and anti-democratic groups." By this he meant the conservative elements in southern Korea which had protested against the trusteeship provision of the Moscow agreement. These were the very groups which had been closest to the U.S. authorities; that fact in itself made them suspect to the Russians as anti-democratic and reactionary. As soon as the talks started, the Soviet delegation proposed that Korean leaders and groups which had opposed the Moscow decision be excluded from consultations and from the future provisional government. The Americans argued in reply that this would be to deny freedom of expression and to disregard the Moscow obligation to consult with democratic parties. For six weeks the commission debated this point without finding a compromise. On May 8 Shtykov announced that he had received orders to return to northern Korea with his delegation. A last-minute American attempt to obtain agreement, pending the formation of a provisional government, on "removing the 38th parallel boundary as an obstacle to the reunification of Korea," was turned down. The commission was then adjourned *sine die*.

The complete failure to put the Moscow decisions on Korea into practice was due less to a difference of interpretation over what were "democratic" groups than to the unwillingness of each side to see them carried out in a way prejudicial to its own position in that strategically situated country. Undoubtedly each wanted to see Korea eventually united under a regime "friendly" to it. The United States had no desire to see a "democratic"

Korea which would in fact be a Soviet puppet. The Soviet Union feared an independent Korea, operating under a western democratic system and under American influence, which would give free rein to anti-Soviet elements such as were then so vocal in the American zone. Neither side wished to give up its absolute rule over half the country in exchange for a united Korea which might wind up in the opposite camp. Concern for the interests of the Korean people was a factor, but not the major factor, in their calculations. On the record of the 1946 negotiations, the Soviet attitude seemed the more unreasonable and intransigent, and the American closer to the spirit of the Atlantic Charter and the letter of the Moscow agreement. The Russians could point out, however, that Korea, like the border states of eastern Europe, was on the doorstep of the U.S.S.R. and was a long way from the United States.

United, Korea might have been able to build up a class capable of government and administration. It might have achieved a workable economic balance between the agricultural south and the more industrialized north. When even a start toward these goals was indefinitely postponed by the collapse of the Soviet-American talks, the U.S. authorities in southern Korea had to turn to the problems of their own zone, seeking their solution along lines laid down in American statements of policy and in accordance with the will of the Korean people, so far as it could be determined.

General Hodge, in June 1946, announced a plan to establish a legislative body of Koreans which would assist the Military Government. Emphasizing that this was not a step toward the establishment of a separate government for southern Korea, he said it would cease to exist when the provisional Korean government came into being. The Military Government would have the right to veto the assembly's laws and to dissolve it if necessary, but was ready to give it more or less free rein to legislate. With the exception of the extreme left, political groups welcomed the proposal. The moderate left joined the conservatives in a "coalition committee," which recommended participation in the proposed assembly. On October 15 General Hodge ap-

proved the order creating the assembly, which was to have ninety members, forty-five elected and forty-five appointed by General Hodge from lists submitted by the coalition committee, so that "the major democratic elements of Korean life" would be represented equally and fairly. The election, which resulted in an easy victory for the parties of the right, was challenged as unfair by the moderate leftist leaders; the results in certain districts were annulled and the opening of the assembly put off until December. The experiment in democracy did not get off to a very good start.

The economic and social problems for which the Military Government had found no solution were still present. The 1946 harvest was poor. The population, swelled in numbers by some two million refugees from Japan and northern Korea, was in a restive mood. American officials pinned their hopes on getting a large enough sum from the U.S. Congress, several hundred million dollars, for food and other goods without which the sentiment for democracy could not be expected to grow. The Communist-controlled opposition, irreconcilable, had launched a series of strikes in order to capitalize on the unrest and to show its strength. The activity of "agitators," which the American authorities suspected was inspired from northern Korea, reached the point where Hodge indicated that order might have to be restored by the use of American troops.

The deterioration of the situation in southern Korea, coincident with a general deterioration in Soviet-American relations—American efforts to resume discussions in December 1946 on the basis of the Moscow decisions had failed—eliminated hope of early progress toward the goal of a provisional government for all Korea. Meanwhile, the United States remained in Korea and intended to remain, official spokesmen pointed out on several occasions, until it had achieved the purpose of bringing into being a united, independent Korea. The hardening of political and social patterns on each side of the "temporary" line of division was making that purpose ever more difficult of achievement.

In April 1947, at the Moscow Conference on Germany, General Marshall reopened with the Soviet Government the ques-

tion of putting the Moscow agreement of 1945 into effect. In an exchange of letters between Marshall and Molotov, each side blamed the other for the failure to establish a provisional government, then moved toward agreement on a procedure for resuming the meetings of the joint commission. The crucial point was still what leaders and groups were to be consulted by the commission. Proposals put forward by General Hodge the previous December served as a basis for the compromise. The Soviet Union agreed to include groups other than the Communist-dominated organizations. The United States, which had moved away from the extreme rightist leaders like Rhee and Kim Koo, agreed to exclude groups which remained hostile to the Moscow decisions and were not prepared to cooperate with the commission. The agreement to resume meetings might be only setting the stage to advertise disagreements once again, but it provided a chance to put an end to the division of Korea. Neither of the two powers was so satisfied with the state of affairs in its own zone that it was unwilling to discuss uniting Korea under a provisional government. But certainly neither power, when the joint commission met on May 21, was convinced of the sincerity of the other's desire for a united, independent Korea.

3. General Marshall's Mission to China

The aim of American policy toward postwar China, stated in broad terms, has been to encourage the creation of a united, strong and democratic China which would be a stabilizing factor in Asia, and would play a constructive part, as one of the great powers of the world, in the work of the United Nations. Announced on several occasions during the war, this aim was closely connected with the immediate war policy of rendering all possible aid to the Chinese people in their resistance to Japan. Our urging that China's factions unite in fighting the Japanese had behind it also the thought that cooperation in war would make possible a united China in time of peace. The renunciation of extraterritorial rights in 1943 was a recognition

of China's new status of equality, of China's right to take part as a fully sovereign power in the postwar world.

Pursuit of these aims during the war proved to be less simple than their enunciation. For China was in fact not united but in a state of suspended civil war. The dilemma facing American policy-makers was how to help the people of China to maintain maximum resistance to the Japanese and to approach unity among themselves, while at the same time observing a correct attitude toward the legal Chinese Government of Chiang Kai-shek. China's future depended, in large degree, on how well the United States succeeded in its policy, for China was dependent on American aid; no other powers were in a position to wield a comparable influence. The British, by force of circumstances, had to efface themselves from any effective role in China, while the Soviet Union, fully engaged on the European front, remained until the last few days of the war in a state of neutrality with Japan.

The first real crisis which developed out of this situation revolved about General Joseph W. Stilwell, U.S. Commander in China and also Chief of Staff to Chiang Kai-shek. In 1944, year of great Allied victories on other fronts, China sustained a series of crushing defeats as the Japanese drove southward all the way from Hankow to the border of Indo-China, taking Kweilin and other American air bases of great strategic importance. Chiang's government was unable to organize its war effort or to clean its own house of inefficiency and corruption. There was, indeed, plenty of evidence that the right-wing elements then in control of the Kuomintang, the official government party led by Chiang, were not interested in doing either. Chiang kept his best troops away from the front, using them to blockade the areas in the north held by the Chinese Communists. Stilwell, to save the military situation, wished authority to build a strong, modern Chinese army, as he had already done on a small scale in Burma. He wanted to coordinate all operations, including those of the Communists, in an offensive against the Japanese. Roosevelt supported his position. Chiang was reluctant. He did not want his army under other than exclusive Kuomintang con-

trol. He did not relish the prospect of political changes which the military reforms would bring about. He wanted neither to cooperate with the Communists nor to see the Americans cooperate with them. In the end he made a direct appeal to Roosevelt and obtained Stilwell's recall.

The lesson of the Stilwell crisis was that the United States would not use its power as purveyor of aid to force reform on Chiang even when the supreme interest of fighting the war effectively demanded it. We would try to persuade Chiang, not to coerce him. We would continue to supply arms and other aid to the central government alone, not, as in the case of certain European countries, to all groups engaged in fighting the enemy. Chiang felt surer of his position after his victory over Stilwell and the promises of immediate and long-term aid to China made by Roosevelt's special emissaries, Donald Nelson and General Patrick J. Hurley. He apparently concluded that, with gestures and promises of reform, he would be assured of continued support. On the military front, when the Japanese failed to follow up their victories, he saw that China would be able to hold on until Japan was beaten by the Americans. The big issue was no longer would China survive the Japanese invasion, but who would control the China of the future.

General Hurley came to China as American Ambassador in the autumn of 1944. In his assigned task of trying to bring about military and political unity in China he started under severe handicaps, not the least of which was his own lack of knowledge of Chinese politics. Good will, which he possessed in full measure and on which he counted to win over both Kuomintang and Communists to a common program, was not enough. Hurley, in November, drew up a draft agreement providing for a coalition government and a unified army; it offered the Communists better terms than Chiang was willing to concede. They were favorably impressed. Then, returning to Chungking from his talks with them in their own "capital," Yen-an, Hurley supported Chiang's demand that the Communist armies be placed under his command. Thereafter, the Communists became increasingly convinced of Hurley's bad faith.

One other factor which contributed to the ineffectiveness of Hurley's efforts in China was his relations with his embassy staff. His subordinates, chiefly the career Foreign Service officers with long experience in China, were less tolerant of the Kuomintang than he and more tolerant of the Communists, who, they maintained, had shown themselves to be more effective in the war against Japan and in dealing with the social problems of the people. These officers felt that real pressure should be put on Chiang to break with the reactionaries in his party, to undertake fundamental political and social reforms, and to make a reasonable approach to the Communists. Hurley met this "disloyalty" by having transferred elsewhere those members of his staff who did not agree with him.

After his unsuccessful attempt to win over the Communists to collaboration with the central government, Hurley came to regard them simply as agents of "Communist imperialism." He turned to the line of full support of Chiang. In the further negotiations of January 1945 he merely backed up the Generalissimo's position. General Wedemeyer, Stilwell's successor as U.S. Commander, stayed out of Chinese politics and devoted himself to building up the Chinese army for a final offensive against the Japanese, without demanding full authority as his predecessor had. Chiang was naturally strengthened in his resistance to reform in Kuomintang China and to the idea of a united front with the Communists. To help his cause in the United States, he reshuffled his government in December 1944. T. V. Soong, well regarded in America, was given the post of Premier.

When Japan sued for peace, a race between the Kuomintang and the Communists for control of Japanese-occupied territory, the richest and most important part of China, was inevitable. The Communists, through their contacts with workers' organizations in Shanghai and elsewhere, had already prepared to take over the key cities. In this they were forestalled by the American decision to transport Chiang's troops to these cities by air. The central government was thus able to take control of Nanking, the old capital, the great port of Shanghai, and the entire lower Yangtze basin. As the Communists withdrew without a

fight, civil war in that area was averted. In northern China, where the Communists had been conducting large-scale guerrilla operations behind the Japanese lines, it was a different story. The U.S. Navy and Air Force were unable to bring in enough government troops in time to prevent seizure by the Communists of important railways and junctions. Civil war was a fact as soon as Chiang's troops arrived and tried to take over the territory. American marines were landed at Tsingtao on the Shantung Peninsula to accept the surrender of Japanese forces, and occupied Tientsin to hold open the line of communications between the coast and Peiping, which had been taken by Kuomintang troops. To the Communists this was the plainest kind of intervention.

While hostilities continued, with both sides fighting for control of the routes to Manchuria, desultory negotiations for a settlement continued. The Communists tried in vain to obtain recognition of the *de facto* control they were exercising in north China. In October 1945 the talks were broken off. One month later Hurley resigned. In a blistering surprise statement issued without consulting the President or Secretary of State, he denounced not only "international Communist imperialism" but also the American Foreign Service officers in the field and in the State Department who, he charged, had sought to prevent the accomplishment of the objectives of American policy in China.⁵

Hurley's outburst turned public attention in the United States toward China. In the crucial months following the Japanese surrender the State Department had not asserted control over Hurley or over the generals on the spot whose military decisions were determining American policy in China. In that period, between the two guiding principles, support of the legal government and encouragement of national unity, there was no longer any semblance of balance. All our weight had been exerted for the first at the expense of the second. This development was not the result of any high policy decision to intervene in the

⁵ After hearings on these charges, at which both Hurley and Byrnes testified, the Senate Foreign Relations Committee decided to make no report at all; the House Foreign Affairs Committee reported adversely on a resolution requesting the Secretary of State to give information on them.

civil war in China. It was rather a product of the circumstances following Japan's surrender and of lack of policy coordination. The immediate task was to disarm the Japanese troops in China. They were required, by the terms of surrender, to surrender to the Allied commanders; and the only representatives of Allied governments in China were the American commanders and those of the recognized Chinese Government. Also, growing tension between the United States and Russia undoubtedly was in some degree responsible for our actions. The Chinese Communists were, after all, Communists, and it was natural to think of them as instruments of Soviet power.

On the other hand, not many Americans liked the idea of our participation in a civil war in China, even against Communists, when the war against Japan was over. For some time, American press correspondents and specialists in Far Eastern affairs had strongly criticised our support of the Kuomintang and its one-party dictatorship. They compared Kuomintang China in many respects unfavorably with Communist China, where, they said, the peasant had been given a better deal and a spirit of progress seemed to prevail. Liberals existed in Kuomintang China but were without influence. These critics saw no justification for unconditional support of the Kuomintang; they made a strong argument for a more neutral attitude as between the contending factions. In Congress, beside the loud popular demand for bringing our soldiers home from overseas, voices were raised asking what we were doing in China anyway. Did we wish, by all-out support of Chiang's regime, to run the risk of provoking Russia into open support of the Communists? ⁶

Hurley's resignation provided the opportunity for a long-overdue clarification of the aims of U.S. policy in China. As an indication of his belief that the situation demanded heroic measures, Truman on November 2, 1945, appointed General Marshall as his special emissary to China with the personal rank of

⁶ *Congressional Record*, 79th Congress, 1st Session (Daily edition), November 29, 1945, 11305; November 30, 1945, 11415; December 7, 1945, 11871-5; December 11, 1945, 12031-4. Seven House resolutions calling for withdrawal of U.S. troops from China (H. Res. 408, 409, 411, 412, 413, 415, 425) were tabled on November 26 and November 28.

ambassador. One of Hurley's loudest complaints had been the failure of the President and Secretary of State to make a public statement of policy. They decided to tell the American people exactly what Marshall was going to try to do. The first statement came from Secretary Byrnes on December 7 at the hearing on Hurley's charges before the Senate Committee on Foreign Relations. Our goal, he said, was "the development of a strong, united, and democratic China." The most satisfactory base for democracy was the Chiang government, but it should be broadened to include representatives of large groups which at the time had no voice in the government of China. American troops, he said, were in China solely for the purpose of facilitating the surrender of Japanese troops.

Then, on December 16, 1945, came the considered statement of policy setting forth, in concrete terms, steps by which a united, democratic China might come into being: first, a military truce; second, a national conference at which the Kuomintang, the Communists, and the liberal groups in between would be represented; third, with the institution of a broadly representative provisional government (the State Department's panacea for the ills of liberated nations), the Communist armies should be "integrated effectively" into the Chinese National Army. We hoped Chiang would put an end to the one-party regime, that he would bring the liberals and the Communists into the government. Without those steps China could not move toward peace and unity. While strongly advocating these steps, we would leave it to the Chinese themselves to carry them out. There would be no intervention to compel the Kuomintang or the Communists to make the necessary concessions. But though not "intervening," the United States would maintain military forces in China to remove Japanese influence and to safeguard peace, which would be jeopardized unless China became a unified, democratic nation. We would continue, "as China moved toward peace and unity along the lines described above," to give loans and other support to the central government, assisting it to rehabilitate the country, improve the industrial and agrarian economy, and establish "military organization capable

of discharging China's national and international responsibilities for the maintenance of peace and order."

International endorsement of this statement of policy, with all its ambiguities, was obtained at the Moscow Conference later in December, where the three Foreign Ministers agreed on the need for a unified and democratic China under the National Government, for broad participation in it by democratic elements, and for a cessation of civil strife. They reaffirmed their adherence to the policy of non-intervention. Byrnes and Molotov also agreed that American and Soviet troops should be withdrawn "at the earliest practicable moment consistent with the discharge of their obligations and responsibilities."⁷

It was a program which gave Marshall a good deal of freedom in his assignment. Possessed of great prestige as the organizer of victory, he was perhaps better fitted than any other to attempt the practically impossible task of bringing the warring factions together. Soviet acceptance of the American plan at Moscow seemed to increase the possibility that the Communists would be cooperative. For a brief period it appeared that Marshall might succeed. He convinced both sides of his capacity as a man of action and of his earnestness and sincerity as a mediator. On January 10, 1946, they agreed to an armistice. To make it effective, Marshall set up headquarters at Peiping, in the center of the contested area; he organized a Committee of Three⁸ and truce "teams" composed each of an American officer, a Kuomintang and a Communist representative. These teams arranged the many separate truces in the field which, in the confused situation, would never have taken place merely by the issuance of general orders by central high commands. They also established a pattern of cooperation which boded well for the future. On the date of the armistice Chiang

⁷ The Moscow communiqué mentioned also a statement by Molotov that withdrawal of Soviet troops from Manchuria had been postponed until February 1, 1946, and a statement of Byrnes that U.S. forces would be withdrawn from China as soon as the Chinese Government could itself handle the disarmament and deportation of Japanese troops.

⁸ The members of the Committee were General Marshall (chairman), General Chang Chun for the National Government, General Chou En-lai for the Communists.

proclaimed a series of surprising reforms promising respect for civil liberties, the right of political party activity, promotion of local self-government, and popular elections. The new spirit of compromise made possible a Political Consultative Conference in Chungking, at which Kuomintang, Communists and other groups were represented. Agreement was reached on the creation of an interim government representing all factions, to be succeeded eventually by a constitutional regime. Civil liberties were to be guaranteed. Economic reforms were to be undertaken. In February a further agreement was reached on unification of the armies of the central government and of the Communists into a new national army.

Both the Kuomintang and the Communists made real concessions to achieve this astonishing measure of accord. If both sides had been acting in good faith, it might have been put into effect and thus have satisfied the great longing of the Chinese people for peace. Good faith was not much in evidence after Marshall left in March for a visit to Washington. The ensuing months saw the abandonment of the accords and the resumption of civil war. Local commanders, ignoring the truce, tried to improve their military positions. Each side wanted to get the jump on the other in Manchuria. The right wing of the Kuomintang, which controlled the party's central executive committee, never liked the agreements and did its best to sabotage them. The Communist leaders were not satisfied with the number of places allotted to them in the interim government, nor did they feel sure they would retain their grip on local administration in the areas they had controlled. Each faction was so filled with suspicions of the motives of the other that the will to unite simply could not overcome them. Mutual accusations of violating the truce began immediately. By the end of March fighting had broken out on many fronts in north China and Manchuria.

Chiang Kai-shek did not make a strong effort to pick up the negotiations with the Communists after they had attacked and taken Changchun, capital of Manchuria, in April. The military situation seemed favorable for a strong offensive against them.

Kuomintang forces recaptured Changchun in May. General Marshall, warning the Chinese that their country was on the verge of a great and irreparable calamity, urged both sides to lay down their arms. Chiang responded, in June, by proclaiming a 15-day truce to facilitate negotiations. It did not last out the fifteen days. The Communists were by this time becoming ever more intransigent. Their area of control and their military power had increased tremendously since Japan's surrender. They were confident that the methods of warfare which had served them so well against the might of Japan would enable them to hold out indefinitely against Chiang's armies, even if organized and equipped by America, and that in the long run their political and economic system could outbid Kuomintang "feudalism" for the support of the Chinese masses. Their press and radio began to attack the United States for intervention in China. Only the cessation of American aid to Chiang, and the evacuation of American troops, said Communist leader Mao Tse-tung, would bring peace to China. Liberals like Mme. Sun Yat-sen spoke in the same vein. Marshall found the role of mediator more difficult than ever, as each side now set conditions for resuming negotiations which it knew the other would not accept.

One reason for Communist bitterness against the United States was the continuance of large-scale economic assistance to the central government. Military lend-lease aid, extended beyond V-J Day to help China to reoccupy former Japanese-held areas and to disarm and repatriate Japanese troops, totalled \$694,263,000 for the period between September 1945 and October 1946, almost as much as for the war period. Nearly half this total comprised the expense of transporting the central government's armies to eastern and northern China. The Export-Import Bank authorized some \$67,000,000 in credits to China in the first half of 1946 and in April earmarked \$500,000,000 for possible additional credits to be extended on a basis of specific projects. American surplus property in China and on several Pacific islands, to the value of about \$825,000,000 (original cost), was sold in August to

Chiang's government. \$178,000,000 in UNRRA supplies, mostly of American origin, was shipped to China in the first half of 1946, and this flow was rapidly increasing, the program for the year being \$535,000,000. Only a tiny fraction of the UNRRA goods was distributed in the Communist-held areas. The dollar total of all these various forms of aid to China was impressive but also somewhat deceptive when considered as a factor materially affecting the course of the civil war. Apart from military lend-lease, which ceased after the middle of 1946 save for some minor services, the goods supplied were for civilian relief and reconstruction, and no grants were made from the \$500,000,000 credit earmarked by the Export-Import Bank. The State Department said that this program of loans was intended to support, not to obstruct, the movement toward political unity through compromise. The figures, nonetheless, combined with the retention of our troops in China after the Japanese forces had been disarmed and repatriated, were convincing to the Chinese Communists and others as evidence of outright American intervention on the side of the Kuomintang.

In mid-July the U.S. Congress passed a law, pending since December 1945, providing for assistance to the Chinese Government in building a naval establishment. By its terms the President was authorized to turn over to China up to 271 vessels as well as other naval supplies and services upon conditions deemed proper by him; also, to detail a mission to advise and assist China.⁹ Congress had under consideration at the same time a bill "to provide military advice and assistance to the Republic of China to aid it in modernizing its armed forces for the fulfillment of obligations under the Charter of the United Nations, and for other purposes." Like the naval bill, it would have authorized American technical help in the training of Chinese personnel, also the transfer to China, on terms deemed proper by the President, of "arms and ammunition and other property of the United States." The only limita-

⁹ Public Law 512, 79th Congress, 2nd Session H.R. (5356), approved July 16, 1946.

tion was that such transfers must be consistent with the military and naval requirements of the United States. In recommending passage of the bill, Secretary Byrnes stressed the urgency of continuing military assistance to China without interruption; he pointed out that without new legislation the existing U.S. program of military assistance (lend-lease) would end on June 30, 1946, while the authority to maintain a military mission would terminate with the President's war powers.

The bill was reported favorably by the House Foreign Affairs Committee on June 27,¹⁰ but remained unreported by the Foreign Relations Committee of the Senate, another example, like the proposed Inter-American Military Cooperation Act, of a military agreement awaiting clarification of a confused political situation. The bill provided the occasion for Congressional critics to attack the Administration's China policy. Representative Patterson of California and others spoke of "our shameful military intervention against the forces of Chinese democracy," i.e., the Communists and the left-wing but non-Communist Democratic League. The proposed military assistance bill, said Patterson, would authorize "virtually unlimited military aid" to Chiang Kai-shek. The whole program for the peaceful and democratic development of China, laid out in the President's December statement, had been, they charged, frustrated by direct American intervention. The only real solution was to stop helping one side, and to get our troops, supplies and ships out of China.¹¹

These criticisms reflected the strong opinions appearing in the liberal and left-wing press as well as in other publications. State Department asseverations that the proposed military bill was intended to help build up a non-political national army including troops drawn from both Communist and central government forces, and that the economic aid was no more than an impartial effort to help solve China's acute economic crisis, did not stem the criticism. None of this criticism, how-

¹⁰ House Report No. 2361, 79th Congress, 2nd Session, June 27, 1946.

¹¹ *Congressional Record*, 79th Congress, 2nd Session (Daily edition), July 26, 1946, 10353-10358.

ever, was directed at General Marshall, whose integrity and abilities were generally respected. Marshall himself continued doggedly the search for a compromise, assisted by Dr. John Leighton Stuart, an American educator with long experience in China, recently named American Ambassador. On August 12 Marshall and Stuart issued an unprecedented statement in which they said that it appeared impossible for the Kuomintang and the Communists to reach a settlement. The latter were insisting on an immediate truce and restoration of the military *status quo* of the previous January, except in Manchuria where they had made gains, and on maintenance of their own administration in disputed areas. Chiang was now demanding integration of the Communist forces into the national army as the first step. Each side felt strong enough to hold out for its own terms. By autumn Marshall's position as a mediator was made virtually impossible by the attacks on him and on the United States by Chinese Communist and Soviet spokesmen. The Yen-an radio broadcast in October an appeal to the United Nations to halt U.S. aid to the central government and to "investigate American infringement of the territorial integrity and security of China."

Chiang, on October 16, issued a final peace bid containing some real concessions, the result of consultation with the Americans and with liberal Chinese leaders of the Kuomintang and minor parties. The offer, however, coincided with a military offensive which resulted in the capture of the key city of Kalgan and with Chiang's insistence on calling into session the oft-postponed national assembly. The Communists turned down the bid to reopen negotiations. Both they and the Democratic League refused to participate in the National Assembly, calling instead for fulfillment of the agreements reached at the Political Consultative Conference in January 1946. Chiang was determined to convoke the assembly anyway. His success in persuading certain of the minor independent groups, including the Social Democrats and the Young China Party, to take part enabled him to present it as something more than a Kuomintang congress. The draft which the assembly finally

adopted contained many of the points agreed upon at the Political Consultative Conference of January 1946, although it was denounced by the Communists as a betrayal of that agreement. Completed on Christmas Day, 1946, it was scheduled to go into effect exactly one year from that date. For the interim period, though the Kuomintang "tutelage" remained, the Social Democratic and Young China parties were invited to join the government.

The adoption of the constitution was, in part, a tribute to the moderating influence of Marshall and Stuart. As hope for agreement between central government and Communists had practically disappeared, they bent their energies toward convincing Chiang of the need of liberalizing his regime. In October, on China's Independence Day, Stuart had spoken out publicly against "reactionaries" who were blocking China's progress. Now, in encouraging cooperation between Chiang and the liberal elements both inside and outside the Kuomintang, he and Marshall hoped that a movement toward popular government might be initiated which would benefit, and win the support of, the Chinese masses, regardless of what the Communists did. Such a development might also make the latter more disposed to negotiate a settlement.

4. The U.S.S.R. and Manchuria

Little was known of Soviet postwar aims in the Far East until Stalin, at Yalta, named his price for entering the war against Japan. His demands were accepted by Roosevelt and Churchill. They were, briefly: southern Sakhalin to be "returned" and the Kurile Islands to be "handed over" to the U.S.S.R., no mention being made of confirmation of these cessions in a peace treaty; independence for Outer Mongolia, which for twenty years had been in fact a Soviet protectorate although nominally under Chinese sovereignty; joint Soviet-Chinese control over the two trunk railway systems in Manchuria; a free port at Dairen, the main port of entry to Manchuria; and a naval base at Port Arthur, key point at the tip of

the Liaotung Peninsula. Stalin expressed his readiness to conclude a pact of friendship and alliance with the national government of China.

Much of this "deal", plainly, was made at the expense of an ally, China, whose right to the restoration of Manchuria had already been recognized by the United States and Great Britain in the Cairo Declaration of 1943. Roosevelt agreed "to take measures in order to obtain the concurrence" of Chiang Kai-shek. Doubtless the President, pressed by his military advisers, made these concessions reluctantly. He had also to take account of the fact that, when the war ended, the Russians would be in a position to do as they liked in Manchuria and perhaps also in north China. They might even adopt an adventurous policy involving direct support of the Chinese Communists and the disruption of Chinese unity. It seemed wise to tie Stalin down to a specific agreement.

As for the terms themselves, China did not lose so much as appeared on the surface. Outer Mongolia was already lost. In Manchuria the writ of the Chinese Republic had rarely run. The special position promised to the Soviet Union was almost identical with the position Tsarist Russia had held there before its disastrous war with Japan in 1904-1905. Yet the new China, which the United States hoped would play the role of a great power, could hardly be expected to agree willingly to concessions not distinguishable in substance from those which were forced on the helpless Chinese Empire in the 1890's. The American and British recognition of the Soviet Union's "pre-eminent interests" in Manchuria meant that China would have something less than the "full sovereignty" which was promised. The Chinese Eastern and South Manchuria Railway concessions in the past had been more than contracts involving rail traffic; they were a body of detailed treaty rights carrying some aspects of sovereignty. Combined with a preferential position at the main port of Dairen and a naval base at Port Arthur, though in the later Soviet-Chinese agreements all were limited to a thirty-year period, they would give Russia, not China, real control of Manchuria.

When T. V. Soong journeyed to Moscow in the summer of 1945, to reach a general settlement with the Soviet Union, he had no chance of changing the terms to which China's three more powerful allies were already committed. The Soviet-Chinese agreements reached on August 14 filled in the details of the Yalta accord on Outer Mongolia,¹² Manchuria, Port Arthur and Dairen. A thirty-year Soviet-Chinese "alliance of good neighborliness" was signed. Additional agreements covered cooperation, during the period of military operations and occupation, between the Soviet military and the Chinese civil authorities in Manchuria, over which China's "full sovereignty" was recognized. Molotov agreed orally that the Soviet forces would evacuate Manchuria within three months after the end of hostilities. He also gave assurances in writing that the Soviet Union would send supplies to China, but only to the national government.

This last pledge was of the utmost importance to Chiang Kai-shek's government. Although during the war the Soviets had been correct in their dealings with China and had not sent material to the Communists, in Chinese minds there was always the possibility that they would do so after the war, or even deal with Yen-an as an independent government. The commitment on the part of Moscow to deal only with the central government was greeted with widespread relief. Events proved, however, that the hope of a new era of Soviet-Chinese friendship and good neighborliness was unjustified. The two factors which prevented the working out of what seemed to be a reasonable adjustment of interests were the continuance of the civil war in China and the policies followed in Manchuria by the Soviet Union itself. When, after the Japanese surrender, China split into two warring factions, both sent armies racing northward to capture the prize of Manchuria. That province was occupied by Russian forces until the spring of 1946, when they evacuated all but the Dairen-Port Arthur area. The turning over of administration to representatives of

¹² A plebiscite was held in Outer Mongolia on October 20, 1945. The inhabitants voted in favor of independence, 483,291 to 0.

Chiang's government, envisaged in the 1945 treaty, had not taken place throughout Manchuria before they left, thus facilitating the establishment of Communist control in some areas. The split in China put the Russians, if they were to carry out the agreements of August 1945, in the position of having to intervene on the side of Chiang against the Chinese Communists. This they could not be expected to do.

Manchuria, after the Soviet evacuation, became the main theater of the civil war. The Communists were able to establish themselves in the north and east. The central government forces took over most of the southern part. The capital, Changchun, changed hands twice but was in government hands after May 1946. Soviet forces remained in Dairen and Port Arthur. In this confused situation it proved impossible to put into effect the Soviet-Chinese accords of August 1945. The Chinese Eastern and South Manchuria railways were cut in many places by the front between the Communist and Kuomintang forces. The joint company to control and operate them was not formed, for which both Russians and Chinese could be blamed. The port of Dairen, which according to the treaty was to be internationalized, remained closed to traffic. The civil war made it impossible for Manchuria to recover economically or to play any part in the recovery of China. Even more disastrous, from China's viewpoint, were the wholesale removals of Manchurian factories and equipment by the Russians. The Chinese had counted heavily on being able to make use of the Japanese-developed industrial plant in Manchuria in postwar reconstruction and as a basis for further industrialization.

When the Pauley mission visited Manchuria in June 1946, it found that the direct damage could be estimated at \$858,100,000, the total damage (including deterioration and cost of replacement) at over two billion dollars;¹³ that the capacity of power plants was one-fourth or one-fifth of what it had been under the Japanese; that the coal mines lacked equipment and in some cases were flooded; that only sections of the railways were

¹³ According to *Izvestiya*, Soviet Government newspaper, the "war booty" seized in Manchuria was worth only \$95,000,000 (*New York Times*, January 30, 1947).

in operation, 400 kilometers of track having been taken by the Russians; that the iron and steel industry was paralyzed by lack of transport; that chemical, textile and other industries suffered from military operations, looting, fire, and the disappearance of vital machines. While this process was going on, the Soviet Government proposed to China a plan for joint ownership and control of certain Manchurian industries, on the model of the 50-50 companies which were being used to consolidate Soviet economic domination in eastern Europe. With the outbreak of anti-Soviet agitation in China and the withdrawal of Soviet troops from Manchuria, talks on these proposals were suspended.

The Russians did not ask anyone's permission to remove equipment from Manchuria. They simply took it as "war booty," as they had done in conquered territory in Europe. That was the answer the U.S. State Department received after sending two notes to Moscow asking for an explanation of the removals. Such a claim, in the American view, had no legal foundation; Japanese property abroad might be taken as reparation but only war material fell into the category of war booty. This difference of opinion delayed agreement on a reparation program for Japan. The United States felt that what the Russians took from Manchuria should have been left for China, but that since the Soviets were not likely to bring it back, it should at least be charged to the Soviet share of Japanese reparation. On that basis the Russians probably would get nothing at all from Japan itself. They naturally stuck to their argument.

This dispute became especially bitter because the Manchuria-Korea-North China area was the focal point of conflict in the Far East, as it had been in the past. The presence of American marines in north China, of the Seventh Fleet based at Tsingtao, of the occupation forces in southern Korea and Japan, reminded the Soviets of American interest and American power; while the Russians at Dairen, Port Arthur and northern Korea represented to the Americans the possible spearhead of Soviet penetration to the south. Evidence that the industries of north-

ern Korea, unlike those of Manchuria, had not been removed seemed to show that the Russians intended to stay for a while in that vital strategic area. This mutual suspicion between the great powers added to the difficulty of solving the internal problem of China, where the stubbornness of each contending faction was intensified by hope of outside help. The United States could not view with equanimity the possibility of a full-scale victory in China for the Communists, nor did the Soviet Union feel easy about the consequences of total victory for Chiang.

With the disappearance of Japan as a power in the Far East, the United States and the Soviet Union were face to face along a sea and land "front" thousands of miles in length, from the Bering Strait to the interior of Asia. Their respective positions were partially fixed by the Yalta agreement, supplemented by the Soviet-Chinese accord of August 1945, and by the decisions of Potsdam and Moscow. For the rest they were left to be determined by the manoeuvres of the two powers to assert and consolidate their influence in areas considered vital to their security. In popular terms, the American aim was to make the Pacific Ocean, from a strategic viewpoint, an American lake, and to keep Japan, Korea and China as independent nations outside the sphere of Soviet power. The Soviet aim, at least for the immediate future, seemed to be to guard the Far Eastern territory of the U.S.S.R. by a chain of strong points, from the Kuriles to Outer Mongolia, and to neutralize as far as possible the presence of American power in Japan, Korea, and China.

Manchuria, considered vital by the Russians because of its geographical position, remained throughout 1946 within the zone of their control. Roosevelt, in the vaguely drafted Yalta agreement, had recognized the Soviet Union's "preeminent interest" in Manchuria, but the meaning and binding legality of that commitment were open to question. The detailed arrangements implementing the Yalta accord were contained in treaties between the U.S.S.R. and China, to which the United States was not a party. Developments in the latter

part of 1946 showed that the stabilization of the situation in Manchuria, on the basis of those treaties, was nowhere near achievement. Taking at their face value the clauses providing for full Chinese sovereignty over Manchuria and for an international port at Dairen under Chinese administration, the United States established consulates at Dairen and at two interior cities held by central government forces, Mukden and Changchun. The supposition was that the door to American trade and business activities would soon be open. But the Russians regarded these moves as American "economic penetration," spearhead of an attempt to dominate Manchuria. They remained in control of Dairen.

After an incident in which an American naval vessel, sent there to land some American citizens, was ordered to leave, the State Department sent a note to Moscow on January 3, 1947, suggesting prompt implementation of the Soviet-Chinese agreements on Dairen and the Manchurian railways. U.S. notes to Moscow on the subject of Manchuria, since the end of the war, had had about the same fate as those dealing with affairs in eastern Europe. This note, however, did draw a reply on February 27 to the effect that the Soviet Union was prepared to carry out its agreements with China. No date for the transfer of Dairen to Chinese control was specified.

5. Nationalism and Crumbling Empires

For the Allied powers the early Japanese victories in the Pacific and on the continent of Asia were a military setback which could be, and was, reversed. For the subject populations of Southeast Asia these defeats suffered by the great colonial powers had much more than military significance. The supineness of the French authorities in Indo-China, the weakness of the British defense of Burma, Malaya and Singapore, the rapid collapse of Allied resistance in Java, the failure of the United States to hold the Philippines—all served to shatter the myth of the white man's invincibility. Japanese tactics and propaganda encouraged that belief. Though the experience of partici-

pation in the "Greater East Asia Co-Prosperity Sphere" proved, in many respects, to be worse than European rule, the reaction was a stronger will for self-rule, not a desire for the return to the *status quo ante*.

The native nationalist movements in Burma, Indo-China and Indonesia, already strong before the war, made tremendous gains. Their leaders, on the defeat of Japan, were ready to strike out for independence. India, which the Allies were able to hold throughout the war, had already advanced far along the road to self-government, although final authority remained with Britain. In 1942 the Cripps mission promised freedom after the war, but the nationalist Congress Party had no more faith in pledges to be fulfilled in the future; it launched a "Quit India" campaign against the British at a critical point in the war. The colonial peoples were little interested in the world ideological conflict between democracy and fascism except as it affected their own goal of national independence.

In the early part of the war certain influential officials in the U.S. Government hoped for the adoption after the war of a "new deal" for colonial peoples which would grant independence to those which were ready for it and establish international trusteeships for those which were not. In the absence of international agreement on such a program, the United States pursued a cautious policy calculated not to give offense to its allies, the European colonial powers. After burning its fingers on the Indian question as a result of the unauthorized publication in 1944 of a letter, critical of British policy, written by William Phillips, the President's special envoy, the United States refrained from gratuitous criticism of the British. With the division of command in the Far East, assigning the Philippines and Japan to MacArthur's theater, Lower Burma, Malaya and the Dutch East Indies to that of Lord Louis Mountbatten, the United States accepted in practice the legal argument that the colonial territories should be restored to their prewar status, at least as a starting point for any changes. At the San Francisco Conference no strong effort was made to bring them into the proposed trusteeship system.

British troops, on landing in Java, met armed opposition from the "Indonesian Republic," proclaimed by nationalist leaders on August 17, 1945. British and Chinese forces entering Indo-China, to disarm the Japanese and restore French sovereignty, were confronted by a group of men calling themselves the provisional government of the Viet Nam Republic and ready to defend it with arms left by the Japanese. In both these territories the European and Eurasian population had suffered internment, persecution, and even massacre. There was incessant guerrilla fighting against the "liberating" Allied armies, whose numbers were insufficient to stamp it out. These events, which had not been unforeseen, disturbed American opinion. The official reaction was limited to a warning to our allies not to use against the native peoples lend-lease equipment bearing labels of its American origin.

The display of strength on the part of the native nationalist movements forced the colonial powers to negotiate settlements with them. Negotiations over Indonesia, on which the world spotlight was focussed early in 1946 by the debate in the Security Council,¹⁴ resulted finally in a comprehensive agreement initialled at Cheribon (Linggadjati) on November 15, 1946. Under its terms the Netherlands would recognize the Indonesian Republic as exercising *de facto* authority over Java and Sumatra, and consent to the establishment, before January 1, 1949, of a sovereign United States of Indonesia comprising the Indonesian Republic, Borneo and the Great East; this state would then join a Netherlands-Indonesia union under the Netherlands crown. Dutch and foreign property rights, which were considerable, were to be restored. In the same month that this agreement was initialled the last British troops left Java.

The vagueness of the language of the Cheribon agreement and the reluctance of the Netherlands Government to sign it without reservations and interpretations made it virtually certain that cooperation would not be easy. Acts of violence by extremists on both sides continued. The Dutch controlled the main cities and ports, the Indonesians the interior. The chaotic

¹⁴ See above, pp. 93-95.

conditions made it impossible to organize production and export of rubber, tin, and other commodities. Detailed economic agreements had still to be reached. Despite all these obstacles, when the Cheribon pact was finally signed on March 25, 1947, it appeared possible, for the first time since the Japanese surrender, for the Dutch and Indonesians to work out an agreed program together.

In Indo-China developments followed a roughly similar course, though without producing an agreement acceptable to both sides. The same kind of federative solution was agreed upon in principle by the French and Viet Nam leaders on March 6, 1946: a free Viet Nam Republic, forming a part of an Indo-Chinese federation within the French Union. There was no agreement, however, during the subsequent negotiations on the definition of these terms nor on the territorial extent of the new republic; the French did not want it to include more than Annam and Tonkin, while the nationalists claimed also the rich, strategically-located province of Cochin-China, a majority of whose population was Annamese. With the steady influx of French troops, replacing the British and Chinese forces, sporadic guerrilla activity increased, finally erupting into open warfare toward the end of 1946. The French Government, stating that it must meet force with force, offered no solution other than to send out more troops to restore order. It was felt in Paris that not only Indo-China but the whole empire and France's position as a great power were at stake.

The British Labor Government had resolved to avoid just such a situation in Britain's principal Far Eastern territories by granting to India and to Burma dominion status or independence, whichever they might prefer, and by a reform of the government of Malaya bringing it into greater harmony with the principle of trusteeship. On September 19, 1945, Attlee declared that Britain would grant self-government to India, reaffirming the Cripps offer of 1942. The following February a cabinet mission was sent to India to arrange with Indian leaders the early realization of self-government. It would be

up to India to decide whether to stay in or leave the Commonwealth.

The essential problem was no longer that of ending British rule but that of finding a constitutional structure, acceptable to both Hindus and Moslems, to replace it; in default of agreement on a constitution India might experience such violence and internecine strife as to make a mockery of independence. The Congress Party was insisting on a united India, the Moslem League on "Pakistan," a separate Moslem state. When no agreed solution grew out of the cabinet mission's talks in India, the British Government on May 16, 1946, boldly put forward its own proposals, which were based on the mission's recommendations. In brief, they envisaged the formation of an interim government representing the major political parties, the calling of a constituent assembly, and a final constitution providing for a united India, including the princely states as well as British India, with limited central governmental functions. Wide provincial autonomy and guarantees of the rights of minorities were intended to prevent domination of India by the Hindu majority.

The British proposals were not wholly acceptable to either of the two principal Indian parties, but neither rejected them outright. While their leaders manoeuvred for positions of advantage in the interim government and in the future constitutional order, violence between Hindus and Moslems flared up in Calcutta and other centers. The British, now anxious to speed their departure and tired of the obduracy of the two parties, finally went ahead with the formation of an interim government under Pandit Jawaharlal Nehru representing the majority Congress Party and some minority groups. The Moslem League held out for greater representation than it had been offered.

Nehru announced in September 1946 that, although his government was not entirely free, it would act in the spirit of a free government and base its policies on the ideology of the Congress Party. The speeches and the voting of the Indian Delegation to the General Assembly of the United Nations

in October, in sharp contrast to the record of the British-picked delegation to the peace conference just concluded in Paris, gave the world proof that he meant what he said. But a Congress government was not an all-India government. Until the Moslem League came into it, India would be threatened with serious civil strife, already presaged by the savage Hindu-Moslem riots. Late in October, five Moslem League members entered the interim government, but the League still refused to send delegates to the constituent assembly. Congress retorted with a demand that the League's representatives be removed from the government. In an attempt to get the rival leaders to agree on the basis of the constitution and on the procedure of the assembly, the British Government called them to a special conference in London. It failed.

When the constituent assembly met on December 9, 1946, Nehru decided to force the pace. He proposed that the assembly proclaim India a sovereign independent republic. The British Parliament answered with a motion to the effect that it alone could approve a transfer of sovereignty to an Indian government. Nehru replied: "Whatever form of constitution we decide on . . . will become the constitution of free India—whether Britain accepts it or not . . . we have now altogether stopped looking towards London." The British, having finally put India on the road to independence, were finding that the terms might be set not by themselves, or by a compromise agreement of Indian leaders, but by the strongest parties in India. In February 1947 the Attlee Government announced its decision to transfer all power to Indian hands not later than June 1948, whether or not a constitution approved by all major parties had emerged. British rule, it was admitted, could not be maintained after 1948. Unless Britain got out completely, soon, it would be in the hopeless position of having full responsibility without any real power.¹⁵

The problem of the future of Burma was simpler. It was posed in the form of a direct demand for independence made

¹⁵ *Parliamentary Debates, House of Commons (Weekly Hansard)*, February 20, 1947, 1399-1402.

by the Anti-Fascist People's Freedom League, representing the majority of national leaders and parties. When Burma was reconquered from the Japanese, the prewar constitutional regime, which stopped some distance short of dominion status, was reestablished. But the British Government was astute enough to see that it could not be maintained except by force. After several months of hesitation, invitations were sent to the Burmese leaders to come to London. On January 28, 1947, on the successful conclusion of the talks, Attlee announced the British decision to grant Burma the right to choose independence "within or without the Commonwealth," and to have meanwhile a national interim government with wide powers. A few weeks later the accord was approved by the Freedom League. Their leaders did not conceal that their choice would be independence, not Dominion status.

The British Conservatives took no comfort in the Labor Government's policy of speedy liquidation of empire. Churchill was especially bitter at "the steady and remorseless process of divesting ourselves of what has been gained by so many generations of toil, administration and sacrifice," at "the clattering down of the British Empire with all the glories and services it has rendered to mankind." But Churchill was no longer "the King's First Minister."

In the United States these developments toward self-government for colonial peoples were followed with general approbation. The question of India, on which American opinion, without being well informed, was always vocal, had long been a source of friction in Anglo-American relations. Americans now found little to criticize; they were perhaps surprised to discover that more than British renunciation of empire was required to create a free and united India. The State Department, on several occasions during 1946, gave the British plan its blessing. When London set June 1948 as the outside date for the transfer of power, Secretary Marshall stated the hope that Indian leadership would accept the challenge and proceed to break the impasse between the Congress and the Moslem League.

Having direct responsibility only for the Philippines, the United States confined its official views on the other territories to friendly suggestions to the colonial powers that they meet the legitimate demands of the native populations, and to statements of gratification when agreements were reached. With the prospective establishment of diplomatic relations between the United States and India,¹⁶ Burma and Indonesia, American interest in aiding these nations to establish their independence on firm foundations could be manifested in more direct and concrete terms. For some of their most pressing problems, after all, were economic and social; more than nationalistic slogans would be required to deal with them successfully.

6. Independence for the Philippines

Americans took pride in the fact that their principal colonial problem had been settled before the war by the Philippine Independence (Tydings-McDuffie) Act of 1934. The Philippine Commonwealth which it established fought with the Allies in the war as a partner, not as a subject nation. After the fall of Corregidor, President Manuel Quezon's government-in-exile signed the United Nations Declaration, sat on the Pacific War Council, and was represented at the wartime United Nations conferences held at Hot Springs, Bretton Woods and San Francisco. Several times during the war President Roosevelt repeated the pledge that the Philippines would have full independence when it was over.

Under the Tydings-McDuffie Act, Philippine independence was to be proclaimed on July 4, 1946. Some U.S. officials felt that it should be postponed, thus giving time for a reexamination of the whole problem. Roosevelt believed, on the contrary, that the date should be advanced as a reward to the Filipinos for their loyal support in the war. An attempt, after the terrible experience of the war and the Japanese occupation, to give the

¹⁶ On October 23, 1946, a U.S.-Indian agreement to exchange ambassadors was announced. Asaf Ali, a non-League Moslem, was later named Indian Ambassador to Washington.

Filipinos anything less than what had already been promised would have caused bitter resentment among them and weakened American prestige throughout the world. By a joint resolution approved on June 29, 1944, Congress pledged complete independence and authorized the President to proclaim it prior to July 4, 1946.¹⁷

As the reconquest of the Philippines was swiftly consummated following the American landing on Leyte in October 1944, the U.S. Command worked closely with the Commonwealth officials in the reestablishment of constitutional government. President Sergio Osmeña, who had succeeded Manuel Quezon on the latter's death in August 1944, returned with the liberating American army to Manila, where General MacArthur formally turned over to him, on February 27, 1945, responsibility for civil administration. The transition was smooth, but the political atmosphere was far from quiescent. Vast problems of reconstruction threatened to overwhelm the Philippine Government. Feeling ran high on the issue of collaboration with the Japanese. Roosevelt had publicly stated that collaborators would be brought to justice. But it happened that many members of the Nationalist Party, the party of Quezon and Osmeña which had long had a monopoly of political power, had openly collaborated. Many of the upper and middle class had done likewise. As this was the governing class, the group which before the war and again after liberation had the closest contacts with the United States and with American interests, it was small wonder that no thoroughgoing action was pressed by the U.S. authorities or undertaken by the Philippine Government. Naturally, those who at great risk had resisted the Japanese were resentful.

To this moral issue was added a social one. In planning reconstruction, the governing group had in mind a return to something like the pre-war situation. The more radical elements such as the Hukbalahap, a left-wing organization having

¹⁷ Public Law 380, 78th Congress, 2nd Session (S.J. Res. 93), approved June 29, 1944. References to this and other laws passed in connection with the proclamation of the independence of the Philippines may be found in the Selected Bibliography.

its chief popular support in the peasantry of central Luzon, thought of reconstruction in terms of far-reaching economic and social change. The war had broken down the old sugar-coconut-tobacco economy, which had profited the landlords and merchants but not the peasants; they did not want to go back to it. This internal struggle, similar to that going on in other Asiatic countries, may not have been of direct concern to the United States, but its course could not fail to be influenced by the attitude of the American authorities in the Islands and by our policies on military assistance and economic rehabilitation. One strong reason why the Philippine Government desired, and obtained, U.S. military equipment was to "maintain order," i.e. to disarm and suppress the Hukbalahap. Luis Taruc, leader of that organization, claimed that the government used military police, trained and armed by the United States, to suppress the militant peasants, and would be overthrown if deprived of American support.¹⁸ Forcible measures against the Hukbalahap continued throughout 1946 and the first part of 1947. But the unrest was bound to continue until measures of agrarian reform were undertaken.

The victory of Manuel Roxas in the presidential elections of April 23, 1946, was a victory for the right wing of the Nationalist Party. Taking with him most of the party's conservative and army support, he had split with Osmeña, who had then formed a coalition with leftist groups outside the party. There was little doubt that Roxas was *persona grata* with the U.S. authorities; he became a strong supporter of American policies and interests. Shortly after his election General MacArthur issued a statement clearing him of the charge of collaboration with the Japanese, though he had served in the puppet government. The statement by no means disposed of the issue or cleared the new president in the eyes of all his countrymen.

President Truman did not advance the date of independence, as Roosevelt had planned, because it had to be preceded by passage through Congress of a series of basic laws defining

¹⁸ Interview with correspondent James Halsema (*New York Herald Tribune*, February 6, 1947).

future relations between the two countries. These acts were not all ready for his signature until the last moment before the scheduled date of the proclamation, July 4, 1946. Our position in regard to naval and air bases was already covered by the joint resolution of June 1944 in which Congress, in reiterating the pledge of independence, had authorized the President "to withhold or to acquire and to retain such bases . . . as he may deem necessary for the mutual protection of the Philippine Islands and of the United States." Two years later the United States still possessed its wartime bases in the Islands, but the final decision on permanent bases had not been made by the U.S. Navy and Army. Since there was general agreement among Filipino leaders that the new republic would need American protection, and acceptance of the principle that there should be U.S. bases in the Islands, there was little likelihood of opposition to reasonable American demands. But the current state of relations between American soldiers and Filipinos in Manila served to remind both nations that the presence of foreign troops and bases on the soil of a friendly nation in peacetime was a standing affront to national sentiment.

While the United States undoubtedly would get what it wanted, Philippine-American relations could not fail to be influenced by the scope of our demands for bases and the manner of negotiating with the Philippine Government for their acquisition.¹⁹ The negotiations, which continued throughout 1946 and the first part of 1947, were marked by rather strong Philippine resistance to the maintenance of U.S. bases or "military reservations" in thickly populated areas such as the vicinity of Manila. The United States, in consequence, modified

¹⁹ The Tydings Amendment to the Tydings-McDuffie Act of 1934 (S.1967, introduced March 20, 1946), would have provided that the United States should retain title to property owned on the date of independence or later acquired for use in the performance of the functions of the U.S. Army, Navy, and other governmental agencies. This amendment was not passed. The Philippine Property Act of 1946 contained a similar provision on government property but without reference to the Army and Navy. Though the language of the Act would cover bases, the relevant reports indicate that that was not the intention of Congress (79th Congress, 2nd Session, H. Report 2296, to accompany H.R. 6801, June 18, 1946; S. Report 1578, to accompany S. 2345, June 21, 1946).

some of its original proposals. Roxas, reporting to the Philippine Congress in January 1947, said that the United States had been neither arbitrary nor unreasonable. An agreement was finally signed on March 14, 1947, leasing a number of bases for a 99-year period. The principal military base would be at Fort Stotsenberg, near but not in Manila. Ten other army bases and four naval "operating areas" were specified. At the time of signing the United States announced that no American armed forces would be left in the Philippines other than those required to man the bases, plus a small military mission.

While it would devolve primarily upon American naval and military power, based in or near the Philippine Islands, to guard against a repetition of the disaster of December 1941, the Philippine army would again be counted on for useful support. The Philippines Military Assistance Act, passed by the U.S. Congress in 1946, ensured that it would continue to be American-trained. The provisions were similar to those of the proposed Military Assistance Bill for China.²⁰ They covered instruction and training, maintenance and repair of military and naval equipment, and the transfer of arms, vessels and other material.

Philippine independence could not be considered in terms of political and military factors only. Some of the most urgent problems were economic. The physical destruction alone posed a stupendous task of rehabilitation. Manila and other major cities were more than 50 percent destroyed. The Japanese occupation had ruined the formerly prosperous agriculture of the Islands. Most of the livestock had disappeared. Valuable machinery had been carried off. Communications were paralyzed. The immediate task of repairing destruction could hardly be undertaken, however, without knowing what type of economy the Philippines would have in the future; in other words, without knowing what would be their economic ties with the United States.

The case of the Philippines was conceded to be unique. We were concerned not only with trade but with the recovery

²⁰ See above, p. 290.

of the Philippine national economy. The prewar Philippine economy had been built on the duty-free market in the United States for sugar, cordage, coconut products and tobacco. To have subjected those products immediately to the full tariff would have been in line with our oft-expressed opposition to preferential arrangements, but it would have been ruinous to the Philippines. To have extended free trade indefinitely, though promising a maximum of trade in the natural exchange of raw materials for manufactured goods, would have perpetuated a relationship of economic dependence considered inconsistent with Philippine sovereignty. The course chosen was to allow an eight-year period of free trade, on a quota basis, followed by a gradually rising tariff for twenty years, 5 percent each year, after which the full duties would be charged.

The Bell Act, or Philippine Trade Act, embodying provisions to this effect, was the subject of many conferences and hearings before being finally enacted into law on April 30, 1946. High Commissioner Paul V. McNutt, at the hearings before the Senate Finance Committee, called it "a truly congressional bill and not one dreamed up in the administrative departments." The State and Commerce Departments, as a matter of fact, objected to many of its features. For one thing, it specifically ruled out for twenty-eight years the conclusion of a reciprocal trade agreement with the Philippine Republic. For another, the system of absolute quotas for sugar, cordage, rice and tobacco, favoring entrenched interests in the Philippines, and the provision authorizing the President to impose quotas on other products if they came into "substantial competition" with similar American products, were inconsistent with the principles of international trade which the United States was urging the rest of the world to adopt. Another feature to which exception was taken was the requirement that American citizens be given a position of absolute equality with Philippine citizens in the development of the natural resources of the new republic. This clause not only gave Americans rights which Filipinos did not enjoy in this country; it gave them a privileged position in

the Philippines over citizens of all foreign countries.²¹ It required, furthermore, amendment of the Philippine constitution. A great part of the Philippine press was especially bitter over what seemed to be an American intention to dominate the economy of the country. The issue was linked to that of the retention by the United States Government of all its property in the Philippines; both were called manifestations of American imperialism. McNutt, in testifying before the Senate Finance Committee, conceded that the provision contained "rather unprecedented demands . . . , not wholly wise from a very long-range view-point." Nevertheless, he considered them necessary in the existing circumstances. Congress readily accepted the argument that they were desirable in view of the large part U.S. capital and enterprise would play in the rehabilitation of the Philippines.

The loudest criticisms of the Trade Act came from those who regarded it as an attempt to make a mockery of Philippine sovereignty by perpetuating the economic dependence of the Islands on the United States. Whereas the Tydings-McDuffie Act of 1934 had been condemned for cutting the Philippines loose, for the benefit of vested interests, without proper provision for the access of Philippine products to the U.S. market,²² the Trade Act of 1946 was now condemned for not cutting them loose, for keeping the market open to them for the benefit of other vested interests. The Filipino people, these critics held, should be encouraged to diversify their economy, to raise their own living standards, and not be put back into the hands of those interests, both native and American, which had monopolized the lucrative export trade in a few commodities. These considerations had not been overlooked by many of those concerned with framing the bill. Senator Tydings, who favored a

²¹ Assistant Secretary of State Clayton warned that this provision was inconsistent with our general adherence to the most-favored-nation principle and would not be acceptable to third countries. The breakdown of the Chinese-Philippine commercial treaty negotiations on this very issue in the spring of 1947 provided an illustration of this argument.

²² Shepardson and Scroggs, *The United States in World Affairs, 1934-1935*, (New York, 1936), 141-147.

shorter period of free trade, expressed the view during the hearings that those who favored tying the Philippine economy to ours were fundamentally opposed to Philippine independence. The eight-year period represented a compromise between this view, shared by the State and Commerce Departments, and that of McNutt and Representative Bell, author of the bill, who originally favored free trade for a twenty-year period. There had to be a balance between two extremes. The gradual process of readjustment provided in the Trade Act would at least give the Filipinos a chance to lessen their dependence on the few products grown almost exclusively for the American market and to diversify production for the benefit of their own people.

Along with the Trade Act, Congress passed the Philippine Rehabilitation Act. President Roosevelt had publicly acknowledged the obligation of the United States to help the Philippines to recover from the devastation wrought by the war. This the Rehabilitation Act did by the appropriation of \$400,000,000 to be paid to property owners as compensation for war damage, by provision for the transfer of surplus property to the amount of \$100,000,000, and by the allocation of \$120,000,000 for the restoration and improvement of public property and essential public services. The total was certainly not too large in view of the unparalleled damage, which the War Damage Corporation had estimated at approximately \$800,000,000.

By July 4, 1946, President Truman had signed all the necessary laws, including the Filipino Naturalization Bill, which established a U.S. immigration quota for Philippine citizens. President Roxas had obtained from the Philippine Congress endorsement of the U.S.-Philippine executive agreement based on the Trade Act. The independence of the Republic of the Philippines was solemnly proclaimed by Truman in Washington and by Roxas in Manila. The final formality was the treaty of general relations by which the United States surrendered all sovereignty and control over Philippine territory, "except the use of such bases as the United States, by agreement with the Republic of the Philippines, might deem necessary to

retain for their mutual protection." The future of the Philippines was by no means unclouded. There was some resentment among Filipinos over the more distasteful features of the "conditions" of independence set by the United States. Roxas' defense of the clause of the Trade Act giving a privileged position to Americans aroused hostility. When finally submitted to popular referendum on March 11, 1947, the necessary constitutional amendment was approved by a three-to-one margin, but over half the registered voters chose to stay away from the polls. No one could say how the twenty-eight year trade arrangement would work out.

The date July 4, 1946, was nonetheless a landmark; for Americans, it was the end of a great controversy over "imperialism" which had begun in 1898, and the fulfillment of a solemn pledge; for Filipinos, the longed-for entry into the ranks of independent nations; for the rulers and the ruled of colonial territories in Asia, an example.

¹ *Report of the Secretary of Agriculture, 1946* (Washington, 1946), 1-3; League of Nations, Economic, Financial and Transit Department, *Food, Famine and Relief* (Geneva, 1946), 66.

the hunger and misery which would engulf Europe and the Far East after the Germans and Japanese had been driven out. The reestablishment in those areas of normal political conditions, as well as common humanity, demanded the continued shipment overseas of huge quantities of American breadstuffs, meats, fats, dried milk, powdered eggs, and canned and dried fruits. In all the world only a few nations had food for export in quantity. Among these the United States stood preëminent, having emerged with a food-producing capacity one-third greater than before the war.

The wartime apparatus for international food management, Lend-Lease and the Combined Food Board, was still intact on V-E Day. The United Nations Relief and Rehabilitation Administration had been set up specifically to get food and other immediate necessities from surplus to deficit areas. Within the United States the Secretary of Agriculture still had full wartime powers over food distribution. But now the war was over, or practically so, and the question which the rest of the world was asking was: Would America actually carry through? Would American farmers, despite the threat of future unsaleable surpluses, continue producing at a high level? Would Congressmen have the courage to resist pressure to abolish rationing and price controls so that starving millions in Europe and Asia might share in American abundance? Would the President and the Department of State cooperate with wartime allies in the relief of distressed areas? Could a way be found to distribute food and other necessities where they were most needed regardless of political considerations? These were the key questions which dominated American food and relief policies.

Compared with prewar totals, American food exports in the war years and in 1946 show great expansion, both absolutely and in relation to production. The American contribution in exports, in 1945 and 1946, to the world's food needs was a great accomplishment, but still our shipments were dwarfed by the unparalleled dimensions of foreign needs. In 1939-41 we sent abroad \$350 million worth of food, about five percent of our total production. In 1945 the total food exports,

including cash purchases, shipments on lend-lease account, UNRRA shipments and donations by private agencies, were valued at \$1,678 million, which was 12 percent of the total production, and in 1946 the total had risen to \$2,172 million. These totals do not include food distributed as civilian relief by the U.S. Army and Navy. UNRRA shipments of food in 1945 made up only one-eighth of the American total, being far overshadowed by lend-lease exports, but in 1946 UNRRA contributed \$628.5 million or one-third of the total food exports.

In addition to the supplies provided by governments as part of their contributions, UNRRA handled a considerable volume of supplies contributed by private individuals and voluntary agencies. A national clothing drive carried on by churches, fraternal organizations and other groups in 1945 provided clothing for 25 million persons. During the spring of 1946 another collection was made on a still larger scale. Similar collections of food, particularly canned foods, obtained large donations. Specialized gifts destined for particular areas included the gift of two boatloads of cattle from the people of Mississippi to the people of Greece. Shipments of food, clothing, and other commodities by the Red Cross and other private agencies were valued at \$126 million in 1945 and \$108 million in 1946.² In both years food shipments made up about a third of the total value.

In the first few months after the liberation of countries from enemy occupation, the military period, the U.S. Army and Navy

² These figures do not include relief supplies contained in non-commercial parcel post shipments which were valued at \$30 million in 1945 and \$125 million in 1946. During the war and until the end of 1945 the activities of voluntary foreign relief agencies were under the control of the President's War Relief Control Board. By its licensing power, the Board was able to enforce coordination of effort and to set standards of performance. Also, by prohibiting the use of relief funds for propaganda purposes, the Board attempted to divorce charity from politics.

C.A.R.E. (Cooperative for American Remittances to Europe, Inc.) was formed after V-E Day by the major voluntary relief agencies principally to enable individuals and families in this country to send food packages directly to friends and relatives in war-stricken countries. C.R.A.I.O.G. (Council of Relief Agencies Licensed to Operate in Germany) was recognized on February 19, 1946, by President Truman as the authorized agency for shipping American contributions for civilian relief in Germany.

supplied food and other immediate necessities to civilian populations. Also, the U.S. armed forces took over the entire burden of civilian relief in their zones of occupation in defeated enemy countries. During the period August 1, 1945 to December 31, 1946, the Army spent \$395 million in feeding Germans and displaced persons in the American zone and in the American sector of Berlin. Between July 1, 1945 and September 30, 1946, the War and Navy Departments furnished to civilians in liberated and occupied areas \$750 million of supplies. Of this amount \$200 million went to Germany, \$120 million to Italy and \$50 million to Austria, and \$180 million to unspecified European countries. Japan received \$150 million, and other Asiatic areas \$50 million. During the last quarter of 1946 civilian aid was concentrated in Germany and Japan, amounting to \$200 or \$250 million.³

2. UNRRA's Task

Describing the food situation in Europe on V-E Day, former President Hoover said, "It is now 11:59 o'clock on the clock of starvation." In this striking phrase he summarized the misery of millions of Europeans to whom liberation had not brought freedom from want. In fact, the provision of food, as well as shelter and clothing, for the urban population of Belgium, France, the Netherlands and other countries was worse in the summer of 1945 than it had been under German occupation. In some cities diets were considerably less than the physiological minimum of 2,000 calories per person per day. Large numbers of people existed on one meal a day of some 500 calories, obtained at soup kitchens. In part, the shortages of food were the direct result of military operations which interfered with plantings and harvests and destroyed livestock and crops. More important was the breakdown of the process of distribution. Western Europe, always a deficit area in food production, had been cut off from its usual sources of food in eastern Europe.

³ Nathaniel Weyl, "U.S. Financial Aid in World Reconstruction," *Foreign Commerce Weekly*, XXVI, February 1, 1947, 4.

Wrecked bridges and railways impeded transportation, and the advancing armies of the Allies demolished the administrative system under which the Germans, for their own purposes, had fed most of Europe tolerably well. The liberators, owing to lack of shipping, brought with them no food supplies adequate for feeding millions of civilians.

In this situation Europe looked to the United States as the only effective source of help. That Americans, while the war was on, were ready to accept the responsibility for providing a substantial share, was evidenced by the general approval which greeted the establishment of UNRRA in November 1943, largely on American initiative. American participation was assured by Congressional action in the following March. After a year of preparation UNRRA, on V-E Day, was a going concern, with a staff consisting of over 2,000 persons of 30 different nationalities and a fund of \$2 billion.⁴ Its task was a limited one; it was not supposed to restore the war-devastated economies of Europe and Asia. It was an emergency organization designed to supply food, clothing and shelter to needy persons in liberated countries, to aid them to recover health and strength, to protect them against pestilence, and to assist the repatriation of the uprooted. That much was "relief." In addition, there was "rehabilitation," which was interpreted to mean "assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services."

Obviously, UNRRA's job was something more than a soup kitchen operation, yet something much less than world-wide economic reconstruction. It was never the intention of the founders of UNRRA to undertake to meet all the needs of liberated Europe and Asia. President Roosevelt in 1943, said, "UNRRA will be able to make only a beginning in the vast task of aiding the victims of war. The greatest part of the job will have to be done by the liberated peoples themselves. What UNRRA can do is to help the liberated peoples to help them-

⁴ The maximum number of employees was 12,895 on June 30, 1946.

selves, so that they may have the strength to undertake the task of rebuilding. . . ."⁵

UNRRA's agents supervised the distribution of supplies only in a few countries, but its scope of operation was world-wide. It had to survey the relief needs of thirty-odd countries that had been invaded by the Axis powers, to screen their applications for supplies and to present those applications, with its recommendations, to the Combined Food and Raw Materials Board, the allocating authority. Some of the applicant countries, such as France, Belgium, Holland and other western European states, had supplies of foreign exchange sufficient to buy their own supplies from abroad. They got no funds or supplies from UNRRA, but they agreed to keep the Director General informed of their requirements and intended purchases. He presented to the Combined Food Board whatever objections or recommendations he deemed necessary. UNRRA, in placing requirements before the Board, acted as a referee between those who could buy and those who could not. Thus, the poorer countries were protected against the competition of their richer neighbors for the extremely short supplies of all types of goods in world markets.

Procurement was also UNRRA's job; its officials ransacked the granaries, the warehouses and the factories of all the exporting nations for the needed supplies. The permission of the exporting country in most cases had to be obtained before the goods could leave its ports, for throughout UNRRA's life foreign trade was strictly controlled.

A third major task of UNRRA was financial. The member countries agreed on two occasions, in March 1944 and again in December 1945, to contribute one percent of their respective national incomes. These contributions, which eventually provided a total sum of approximately \$4 billion, were sometimes, as for instance the final payment of the U.S. contribution, so tardy as to create serious embarrassment to the procurement system.

⁵ Message to Congress asking for appropriations for UNRRA, November 15, 1943 (*Congressional Record*, LXXXIX, 1943, 9485).

3. *American Participation in UNRRA Operations*

The United States took a leading part in developing plans for postwar relief. In sharp contrast with its policy in 1918, this country in 1943 advocated international rather than national action. In fact, it was the U.S. Department of State which framed and put forward the draft document which, after agreement by 44 other nations, became the charter of UNRRA. Funds from the U.S. Treasury paid 72 percent of UNRRA's operating expenses, and 90 percent of all food and other supplies which were distributed by UNRRA were grown on American farms or produced in American factories. UNRRA's three directors-general, Governor Lehman, Mayor LaGuardia and Major-General Rooks were all Americans, as was a substantial proportion of its personnel. "In Washington, UNRRA's headquarters city, the idea that UNRRA was an international body never quite got across. Its relations with U.S. government agencies were similar to the relations of agencies with each other. Congressmen called the UNRRA personnel office seeking jobs for constituents and discussed UNRRA on the floor as if it were a federal body. The mistake was easily made, for UNRRA was staffed largely with people who had been transferred from American government posts." ⁶ Because of this predominant American role in its operations, UNRRA's life depended on continued American participation and support.

UNRRA was slow in getting started. Military operations continued longer than was anticipated, and even after hostilities had ended military requirements took precedence over relief needs in respect of both supplies and shipping. Hence, relief and rehabilitation activities in Europe could not begin in substantial fashion until April, 1945. Then, after months of preparation, UNRRA supplies began to reach Europe in quantity, and UNRRA representatives followed in the wake of the liberating armies. Shipments in the second quarter of 1945 exceeded 1,200,000 tons, more than half consisting of food. The

⁶ John Perry, "Why UNRRA Has Failed," *Harper's Magazine*, CXCII, January 1946, 77-86.

care of displaced persons, which UNRRA had already begun in the Middle East in 1944, was extended in the summer of 1945 to the western zones of Germany, with some 5,000 UNRRA personnel acting as agents of the military authorities. There were at that time about six and one-half million displaced persons in western Germany, in addition to some 145,000 in the western zones of Austria and 125,000 in Italy. By mid-winter of 1945-1946, millions of the "DP's" had been repatriated; only about one million remained in UNRRA's camps in Germany.

UNRRA also set in motion a program of epidemic control, which involved assembling a large staff of physicians, nurses, sanitary engineers, and the purchase of equipment for over 1,000 hospitals. Ninety American physicians and 106 nurses participated in UNRRA's public health services. The success of these services in preventing postwar epidemics of typhus and cholera was phenomenal. UNRRA personnel also worked effectively in combatting endemic diseases such as tuberculosis and malaria which threatened millions of civilians weakened by malnutrition. On January 1, 1947, UNRRA transferred its health advisory services to the Interim Commission of the World Health Organization.

The summer of 1945 witnessed a rapid stepping up of relief activities, particularly in Greece, Yugoslavia, Czechoslovakia and Poland. After V-J Day, operations began in China and the Philippines. Italy and Austria were included in the relief program at the London meeting of the UNRRA Council in August 1945. The Soviet Union applied for relief in the amount of \$700,000,000, but reduced its request to \$250,000,000, the supplies to be used exclusively in Byelorussia and the Ukraine. The lack of shipping was no longer a major limiting factor, and except for a few items, such as sugar, oils and fats, rice and cotton textiles, the commodities needed could be procured in world markets. Great difficulty was experienced in procuring meat and meat products, and shipments of these items consequently were far less than were necessary to meet relief demands.

In the late summer of 1945 it became apparent that the

UNRRA program was running into serious difficulties. The end of the war in the Pacific threw an increased burden on an organization already staggering under the demand for relief in Europe. By the end of the third quarter its funds were practically exhausted. It had expended or committed over 86 percent of its available resources and out of \$1,284 millions of contributions, it had left a working balance of only \$150 million. A few nations had been slow in making good their pledges (the United States still owed \$550 million on its original pledge of \$1,350 million), and no nation had as yet paid its share of the second contribution which the Council of UNRRA had recommended in August 1945.

Meanwhile, a food crisis was developing which was destined to strain UNRRA's organization and resources to the utmost. Governor Lehman, looking back on the winter of 1945-46, said that no record of history had shown such universal ruin and distress. President Truman's report to Congress at the end of 1945 pointed out that while it had been estimated that wheat supplies would be ample to meet the needs of all importing countries, by August the picture had changed—for the worse. As the result of disastrous crop failures in the Mediterranean basin, receiving countries in Europe had submitted urgent requests for increased grain shipments—for Czechoslovakia an increase of 200,000 tons, for Poland a forward demand for 500,000 tons. Moreover, to sustain even marginal subsistence in urban areas throughout Germany, huge increases of wheat supplies were needed. The situation was further aggravated by conditions in the Far East. By December, rice crops were known to be gravely disappointing. Increases of wheat shipments to China became necessary. Eleventh hour advices, further, showed need for importing two and one-half million metric tons of rice or wheat into Japan.⁷

The Combined Food Board in August 1945 viewed the outlook for the 1945-46 crop year "with grave misgivings." A survey of the U.S. Office of Foreign Agricultural Relations pub-

⁷ *Sixth Report to Congress on Operations of UNRRA, as of December 31, 1945*, by the President (Washington, 1946), 30.

lished in October showed world food production, measured in calories per capita, at 90 percent of the 1935-39 production. This in itself gave reason for grave anxiety, but more serious was the unequal distribution of food supplies. Some countries, particularly the United States, Argentina and Canada, had an abundance of food; the shortages were in Europe and Asia. Under these conditions it would seem that American food policy, if based on the humanitarian motives which lay behind our participation in UNRRA, would have prescribed (1) continuance of high production levels, (2) strict economy in the United States in human consumption of cereals, and (3) the reduction in the feeding of grain to animals through liquidation of livestock. Only the first of these policies was carried through effectively.

Except for sugar and fats the United States suffered no actual shortage of food during the war, but rationing was imposed to check sharply rising prices and to maintain a balance in agricultural production. The food-rationing system began to crumble in August 1945 when canned goods were freed from control. In September, OPA lifted all controls on cattle slaughtering, and finally, at the end of November, came the end of "red point" rationing, i.e., on butter and other fats, cheese, meat and meat products. Chester Bowles, Price Administrator, who had been pressing for removal of controls, stated that it would not prevent the shipment abroad of substantial quantities of food. Secretary Anderson promised that removing the restrictions on American consumption would "in no way" affect exports of meat and certain fats and oils to allied and liberated countries.⁸

In lifting meat rationing the President and his advisers were responding to the wishes of a large section of public opinion, including the cattlemen, the packers, and the distributors of meat as well as housewives who wanted to be rid of the troublesome red points. Only a few voices warned of the injury which

⁸ *New York Times*, November 24, 1945. On the previous day Prime Minister King had announced that in Canada meat rationing would be continued indefinitely.

our hasty action might cause to the UNRRA program. But there is reason to believe that millions of Americans, much as they were annoyed by rationing, had they fully understood Europe's need and its connection with U.S. price policies, would have taken a generous attitude. A Gallup poll taken in the summer of 1945 showed that 85 percent of those questioned were willing to suffer shortages in order to supply Europe.⁹ Seventy percent said they would be willing to eat one-fifth less in order to send more food to Europe.

In countries of high living standards like the United States, the population consumes large quantities of cereals indirectly, i.e., by feeding them first to meat-producing animals. Consequently, any measure which reduced livestock numbers in this country, or reduced their feeding, would have freed bread grains for direct consumption in famine-threatened areas abroad. The apportionment of the American wheat crop between food and feed is normally determined by market prices, and hence our price policies, if our purpose was to make more wheat available, should have aimed at making heavy feeding of wheat unprofitable. Such action was not taken; instead, the lifting of price controls resulted in a livestock-feed ratio favorable to heavy feeding of hogs, cattle, dairy cows and poultry. As a result about 270 million bushels of American wheat, the staff of life for Europe, was diverted to feeding purposes in the crop year 1945-1946.¹⁰ The wastefulness of this procedure from the standpoint of human nutrition is shown by the fact that a ton of wheat made into bread furnishes 2,400,000 calories; when fed to dairy cows the resulting calory equivalent of milk produced is less than one-fourth, or 504,600; when fed to beef cattle only 207,000 calories are produced.¹¹

For more than a year after V-J Day it does not seem to have been the conscious aim of the Department of Agriculture or any other agency of the U.S. Government to meet foreign relief needs by conserving domestic food supplies. The attitude of the

⁹ Earlier, in May 1943, the percentage had been 92.

¹⁰ Information supplied by the United States Bureau of Agricultural Economics.

¹¹ Figures from "The Food Scandal," *Fortune*, XXXIII, May 1946, 95.

Secretary of Agriculture was one of grim fatalism. In testifying before a Congressional committee, he described the Combined Food Board as being in the position of a family of dog-lovers with a litter of puppies; it had to decide which ones to drown.¹² The Department was continually haunted by the fear that the over-expanded domestic market would soon collapse, leaving farmers with unsaleable surpluses. The same fear was expressed in statements of farm leaders in mid-summer of 1945.

The United States continued its financial support of UNRRA. In December 1945, Congress appropriated \$550 million, the unpaid balance of our first contribution of 1 percent of national income, and in addition made available \$750 million as a first installment of our second contribution. UNRRA found itself again in funds but, because of world-wide shortages of grain, was unable to spend those funds effectively.

4. The 1946 Food Crisis

It was not until early in 1946 that disturbing reports of a world food crisis from UNRRA and the Combined Food Board awakened Washington to the necessity for action. Up to this time the United States had not been supplying the amounts requested by UNRRA. For example, the international agency had asked for 52,000 tons of lard for the five month period ending March 1, 1946, but had been promised only one-fourth that amount. It received less than half of a request for 87,000 tons of sugar.

In a long-delayed public statement issued February 6, 1946, President Truman called attention to the world-wide food crisis. "More people," he said, "face starvation . . . today than in any war year and perhaps more than in all the war years combined." In order that the American people might "carry their share of the burden," he announced a series of emergency measures which included (1) prohibition of the use of wheat in the production of alcohol and beer, and restriction on the use of other grains for beverages; (2) raising the wheat flour extraction rate

¹² *New York Times*, March 6, 1946.

from 70 to 80 percent; (3) controls of inventories of wheat and flour so as to hold down civilian consumption; (4) rail transport priorities for wheat, corn, meat and other essential foods destined for export; (5) direct control by the Department of Agriculture over exports of wheat and flour "to facilitate movement to destinations of greatest need"; (6) making available for food shipments vessels under the control of the Army and Navy; and (7) measures to be taken by the Department of Agriculture to restrict the use of bread grains in the feeding of livestock and poultry.

The President announced as an objective the export in 1946 of 375,000 pounds of fats and oils, 1.6 billion pounds of meat and increased shipments of dairy products. A few days later the Department of Agriculture reinstated a wartime "set-aside" requiring packers to reserve for government purchase pork and pork products equivalent to $7\frac{1}{2}$ percent of hogs slaughtered and to increase the lard set-aside from $3\frac{1}{2}$ to 5 percent.

Although American food consumption was at an all-time high, about 3,300 calories, nearly double the average European ration, the President rejected rationing. Instead he appealed for voluntary restriction of wheat consumption and cooperation of all consumers in conserving food, particularly bread. To head the appeal he chose ex-President Herbert Hoover, well known for his services in European food relief after World War I, naming him, on March 2, honorary chairman of a Famine Emergency Committee of twelve leading citizens. A few days later the President added a National Famine Emergency Council of 125 members to carry out the voluntary program on a nationwide basis. The Committee promptly issued a statement urging all Americans to cut their wheat consumption by 25 percent and to make all possible savings in oils and fats. "Americans of good will," said the Committee, "can do more and do it faster than any system of government rationing orders." Mr. Hoover, on his departure on a special mission to survey world food needs and supplies, broadcast an eloquent appeal to the American people for voluntary restriction of consumption. Appealing to "your pity and your mercy and your sense of service,"

he voiced his conviction that the American people would respond with kindness and generosity to the suffering.

At this time Hoover predicted that the food emergency would be over in four months. Secretary of Agriculture Anderson agreed. He was not enthusiastic about food conservation as a means of promoting relief for Europe, holding that more could be accomplished by breaking the bottleneck which strikes were causing in the American transportation system.¹³ Other observers disagreed. Ex-Governor Lehman, Director General of UNRRA, strongly urged compulsory food rationing as necessary to combat world famine. Subsequent developments seem to have justified his view, for although U.S. deliveries of food to UNRRA rose from \$128.8 millions in the last quarter of 1945 to \$224.2 millions in the first quarter of 1946, they fell back to \$197.1 millions in the second quarter and to \$162.6 millions in the third. Except for wheat, they failed to meet agreed allocations.

Meanwhile, the Council of UNRRA sitting at Atlantic City had received reports indicating how severe was the food shortage in Europe and Asia and how inadequate were the available supplies. Severe droughts in two seasons had reduced wheat crops in Argentina, Australia, South Africa and French North Africa. The Combined Food Board reported that only 12,000,000 tons of wheat would be available in the first half of 1946 to satisfy estimated needs of 20,000,000 tons. The rice situation was equally bad. As a result of drought in India and China, war disturbances in Burma and Indo-China, and typhoons in Japan, only 2,500,000 tons of rice would be available for export to supply estimated import requirements of 5,000,000 tons. "Starvation and hunger," the Board warned, "are inevitable for large groups of populations in Europe and Asia." It predicted that the food crisis would not end in 1945-46. "The 1946-47 outlook gives cause for continuing profound alarm . . ." Lehman's report to the Council of UNRRA showed how close

¹³ In December 1945 shipments of all sorts from U.S. ports were seriously curtailed for lack of crews. Grain was then available, but ships were not. In January, when ships could again be had, dockside deliveries were prevented by railway embargoes. (*Sixth Report to Congress on Operations of UNRRA*, 30.)

to complete breakdown the international food supply system had come. In the last six months of 1945, UNRRA had been able to ship only 50 percent of the requirements for animal and vegetable proteins and only 24 percent of edible fats. For the first quarter of 1946 his estimates were 53 percent of bread grains, 20 percent of rice and less than four percent of edible fats. Seven hundred thousand tons of bread cereals were required for April, but only 220,000 tons were in sight.

In March Lehman resigned, after a final appeal to the United States to reintroduce rationing. His place as Director General of UNRRA was taken by Fiorello LaGuardia, former Mayor of New York City, who described his problem thus: "We have the personnel—we have the money—we have the ships. Millions of people are hungry, but we cannot get enough food." By great effort UNRRA's food shipments in the second quarter of 1946 were raised to 1,950,000 tons, but still "they fell far short of minimum requirements and spelled tragically reduced rations in all the receiving countries."¹⁴

The British Government was greatly concerned with its own food shortages as well as with the desperate situation of its European neighbors. It dispatched Herbert Morrison to this country in May 1946 to plead for all possible aid. He urged that grain be diverted from livestock feeding to human consumption, so that nowhere would "the hogs' troughs [be] full while the children's plates are empty." The Department of Agriculture responded to this and other similar appeals by ending, on June 30, the subsidy of 50 cents per pound to cattle feeders, thus diminishing the incentive to heavy feeding.

5. The United States Abandons International Relief

The foreign policy aspects of international relief measures assumed critical importance in the fall of 1946. The end of UNRRA was approaching. As early as the meeting of the Council in London in August 1945, when full-scale operations had

¹⁴ *Eighth Report to Congress on Operations of UNRRA*, by the President (Washington, 1946), 11.

scarcely got under way, the decision had been taken to wind up its affairs in December of the following year. Later, at the Council's Atlantic City meeting in March 1946, when the magnitude of the unfinished task was apparent, one of the American representatives, Representative Sol Bloom, urged an extension. "It would be the greatest calamity in the world," he said, "if after 1946 this work should fold up and UNRRA cease to exist." The Department of State, however, steadily opposed extension, and its view prevailed. This decision was for UNRRA a death warrant, for it could not exist if deprived of American funds.

To understand the reasons underlying the State Department's decision to abandon its support of international cooperation in this field, one must take account of the fact that for a wide variety of reasons UNRRA had acquired a bad reputation. In the beginning the American public had had great expectations of what this new international institution might accomplish in feeding the world's hungry and binding up the wounds of war. When these expectations were disappointed, when reports from Europe in late 1945 and in the summer of 1946 showed food shortages more severe than during the war, the quick conclusion was that UNRRA had failed.

It was not difficult to find real faults in the organization. Set up towards the end of the war, UNRRA had difficulty in recruiting able personnel; it was forced "to dip lower into the barrel of human reserves" than it would have wished. Lehman admitted that about one-fifth of his staff had proved unsatisfactory. Many who had joined for a "joy ride" became dissatisfied when confronted with hard work under trying conditions. When UNRRA supplies were discovered in black markets, charges of dishonesty and inefficiency were raised.¹⁵ A more fundamental difficulty which seriously handicapped UNRRA's work was its lack of power to get things done. UNRRA's resources came from voluntary contributions; it had no power to

¹⁵ The *Eighth Report to Congress* (September 1946), answering these charges, said that except in Poland, Greece and China there was no evidence that significant quantities of UNRRA supplies were traded in black markets (p. 5).

compel laggard nations to pay up. Moreover, its supplies were allocated to it by the Combined Food Board, which was an independent authority. When supplies had been allocated, UNRRA could never be certain that it could procure them from the supplying countries, nor that it could obtain the ships to transport them (shipping was allocated by the Combined Shipping Board). So it happened sometimes that when money was available, food was lacking, and when food could be had, ships were lacking.

Politics was the rock on which UNRRA foundered. The allocation of food as between countries and its distribution internally in the receiving countries was, almost from the beginning, a subject of strong, and to some extent unfounded, criticism.¹⁶ Americans who complained that the bulk of UNRRA's relief supplies were distributed in eastern Europe (see Table I) often did not understand that the feeding of

TABLE I
UNRRA SHIPMENTS FROM THE UNITED STATES
BY COUNTRIES OF DESTINATION
(in millions of dollars)

	1945	1946
Total	355.3	1,012
Czechoslovakia	51.4	85.9
Poland and Danzig	82.9	166.9
Yugoslavia	87.3	122.7
Italy	18.1	189.4
Greece	76.8	110.8
U.S.S.R.	16.5	141.7
China	14.2	136.2
All other	8.1	58.3

Source: *Foreign Commerce Weekly*, March 30, 1946, April 19, 1947.

¹⁶ The Council of UNRRA resolved at its first session "That at no time shall relief and rehabilitation supplies be used as a political weapon, and no discrimination shall be made in the distribution of relief supplies because of race, creed, or political belief." At the Council meeting in Atlantic City, March 1946, Canadian Representative Pearson said: "Food was a weapon for war; food is a weapon for peace; food must never be a weapon of international politics."

civilians in ex-enemy countries was outside UNRRA's functions, until special provisions were made to include Italy, and that the liberated countries of western Europe had refused UNRRA's assistance, insisting on purchasing and distributing their own supplies. Charges that the authorities in receiving countries were using UNRRA food and other supplies as a means of building up their political power, and that Soviet agents controlled distribution in Poland, Czechoslovakia and other countries in the Russian orbit, were particularly damaging. Although these charges were denied by Governor Lehman and other UNRRA officials, there was no doubt that in Yugoslavia, for example, UNRRA supplies were of great help to the Tito regime, both politically and financially.

TABLE II
UNRRA AND PRIVATE AGENCY SHIPMENTS FROM THE
UNITED STATES BY AREAS OF DESTINATION
(in millions of dollars)

	UNRRA		Private Agencies	
	1945	1946	1945	1946
Total	355	1,012	126	108
Western Europe ^(a)	18	236	70	43
Eastern Europe ^(b)	322	632	44	51
Far East	15	143	7	12
All other	(x)	1	5	2

^(a) Includes Austria, Belgium, Denmark, France, Germany, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

^(b) Includes Albania, Bulgaria, Czechoslovakia, Finland, Greece, Hungary, Poland, Rumania, U.S.S.R., Yugoslavia.

^(x) Less than \$500,000.

Source: *Foreign Commerce Weekly*, May 17, 1947.

The recipients of American relief supplies privately contributed were principally the countries of western Europe, whereas UNRRA supplies went predominantly to central and eastern Europe (see Table II). The explanation seems to be found in both cases, at least in part, in the attitudes of the receiving governments. Western European governments objected

to the presence of UNRRA observers. Eastern and central European states actually prohibited the entrance of representatives of American private agencies, "even bearing gifts."

The danger that food would be used as a political weapon was well recognized when UNRRA was first established and throughout its history, but strong nationalistic sentiments prevented effective safeguards. Each receiving government insisted on keeping the actual administration of relief and rehabilitation, the bulk of which came from domestic sources, in its own hands. Not one was willing that UNRRA agents should deal directly with its nationals. Generalissimo Chiang and Marshal Tito were equally firm on this point. Inspection of distribution by UNRRA agents was provided in agreements with national authorities which, however, strictly limited the number of observers and regulated their activities. Americans, resenting these limitations, failed to understand that the attitude of the liberated countries was not that of beggars. Taxpayers in the United States were inclined to view UNRRA as an agency for distributing their charity, but the liberated countries felt that they had earned relief by their services in helping to defeat a common enemy, and their view was reenforced by the Allied propaganda which, throughout the desperate war years, had aimed to stiffen resistance to the Nazis by promising food as a reward when the struggle was over.

American dissatisfaction with UNRRA was evident in late 1945 in the opposition that developed in Congress to President Truman's request for additional appropriations. A group of Republican Congressmen, organized as a Food Study Committee, condemned UNRRA's record as "one of inefficiency, political intrigue, mismanagement and downright poor administration," but the Committee nevertheless supported the request on the grounds of *national security* as well as basic humanity. Suspicion of Russia and reluctance to having American funds spent in its satellite states inspired an amendment to the bill appropriating \$550 million to complete the 1945 program, providing that no relief should go to countries that denied to American correspondents the right to report freely on the distribution of

UNRRA goods. This amendment, which would have hamstrung UNRRA, was passed by the House but dropped by the Senate. Reviewing the Congressional discussion, Raymond Swing observed that the attitude of the opponents of UNRRA in Congress "completely misrepresents every generous instinct in this country, and makes us smack of a meanness and selfishness which in all objectivity cannot be said to predominate in the American nation."¹⁷ The subject of freedom to report was raised again by the Dirksen amendment to the bill appropriating \$465 million for the final UNRRA grant, passed in July 1946. This time the Senate agreed, making a slight change in wording so that the provision would be less rigid and less offensive to the receiving countries.

When the U.N. General Assembly met in New York in the fall of 1946, the delegates recognized that UNRRA was dead, but many entertained hopes that the United States might be willing to enter another type of international relief organization. Director General LaGuardia proposed a U.N. Emergency Food Fund of \$400,000,000 contributed by member states, none of which should supply over 49 percent of the total. More limited in its scope than UNRRA, the Fund would be concerned only with food needs. Procurement, shipping, transportation and distribution would be handled by states receiving grants from the Fund. In an impassioned ninety-minute speech the former mayor attacked U.S. policy, which he claimed was one of giving aid only to those countries "chosen, picked and acceptable to our government." He pointed out the paradox that the United States should favor international action everywhere except in relief and appealed to the delegates of his country to consider this problem "in the light that the majority of the American people would have us do it and not as an expedient to meet any momentary irritation." Declaring that he could not believe rejection of international action squared with public opinion, he continued: "We are not giving aid to governments. We are giving aid to the men, women and children throughout

¹⁷ *New York Times*, November 22, 1945.

the world who suffered so much during the war and who to this very day are still in need." ¹⁸

General Eisenhower also pleaded for continued American participation in an international relief agency, but neither his prestige nor LaGuardia's eloquence could alter the position taken by the U.S. Department of State. Dean Acheson, Under-Secretary of State, at a press conference held on November 12, flatly rejected the proposed Fund. The residual problem remaining after December 31, he held, was largely one of getting foreign exchange and hence could be handled by the International Bank and the Monetary Fund, also by the U.S. Export-Import Bank. On the administrative side, he argued, international relief action was no longer necessary since the liberated nations were now in a position to handle their own affairs. He suggested bilateral discussions of relief needs between the United States and interested governments. ¹⁹

Secretary Byrnes on the following day further clarified the position of the Department in these words: "I should say that it is our position that whatever the United States does in the way of relief should be done by the United States unilaterally. We want to give aid as the United States and not as a member of an international organization." He added that this country would be willing to discuss relief policies with other supplying nations, but was not going to approach the beneficiaries and ask them to determine the amounts to be allotted. ²⁰ Adlai Stevenson, in defending the U.S. viewpoint before the United Nations, observed optimistically that only a few countries would need help in 1947 and in relatively small amounts. The "residual problem," he said, was not complicated; it could best be handled by simple and direct means.

In the discussions in the Assembly, only the Netherlands at

¹⁸ United Nations, General Assembly, Second Committee, 12th meeting, November 11, 1946 (A/C. 2/40).

¹⁹ A stenographic transcript of the press conference is given in a letter to the editor of *The New York Times* (December 2, 1946) from Lincoln White, press officer of the Department of State.

²⁰ Statement before the Senate's Special Committee Investigating the National Defense Program (cited in *New York Times*, November 29, 1946).

first supported the United States in its categorical stand for the exclusive use of bilateral relief agreements. The U.S.S.R. and the Slavic bloc were joined by Canada, Australia and the United Kingdom in favoring the principle of concerted international action. The United States then submitted a three-point proposal for U.N. action which called for the analysis of information on food needs and food supplies by the Secretary-General, urged member governments to assist in furnishing relief, and invited them to coordinate their programs. This was less than half a loaf, but it was obviously impossible to continue a genuine international program without U.S. participation. Hence, after the British, reluctantly, had come around to the American view, the Economic and Financial Committee of the General Assembly adopted unanimously a resolution sponsored by the United States, Britain and Brazil which rejected allocation of relief by international action after the end of UNRRA. Gromyko, in voting for the resolution, pointed out that it amounted "almost to a negation of international collaboration in the field of food" and that its authors must bear responsibility for its inevitable failure to provide relief for needy countries. The Soviet Union, obviously, stood to benefit by a continuance of relief on an international basis and did not welcome the decision.

The arguments with which the State Department defended its position contrasted strangely with some of our former statements of devotion to international action in this field, although the United States had made no commitment to keep UNRRA going as long as other members wanted. In January 1944 the majority report of a Congressional committee advocating approval of the agreement establishing UNRRA stated that "United States participation in the work of the UNRRA is essential, if the United States is to carry out in the field of international action those responsibilities of world leadership which are imposed upon us by the deepest interests of the security and prosperity of the United States."²¹ In September of the same year, at the Montreal meeting of the Council of UNRRA, the American member, Dean Acheson, had taken the opportunity to

²¹ House Report No. 994, 78th Congress, 2nd Session, January 17, 1944, 15.

reassure those who may have feared that the United States some day might change its mind and withdraw. In a strong declaration of policy, he stated that the United States had irrevocably committed itself to international cooperation as represented by UNRRA.

The State Department defended its changed position and put forward its substitute plan of foreign relief in November and December, 1946, in a series of addresses, broadcasts and press releases. The American refusal to participate further in UNRRA, and the rejection of other plans for international relief were supported on the grounds (1) that UNRRA's distribution of supplies had been influenced by political considerations, (2) that except in a few countries the pressing need for relief had passed, and (3) that other international agencies, *viz.*, the International Monetary Fund and the International Bank, could take care of rehabilitation needs. The United States proposal, as outlined by Acheson, was that "each nation should immediately consider what it can contribute to the common relief effort. . . . Each country should discuss its plans with others, both those planning to help and those needing help, to obtain their views and to coordinate its activities with all others concerned. The Secretariat of the United Nations should be used as a clearing house. . . ." The merit of this plan, the Department contended, was its simplicity, flexibility and adaptability. It permitted a needy country to approach a supplying country directly rather than through the complicated mechanism of an international agency. "In this manner," Acheson said, "nations receiving free relief must prove their need for it and they can be held to a much closer and fairer accountability of the use of food and other free supplies. Those in power will be compelled to distribute relief food on the basis of need. They will not be allowed to feed their political supporters and starve their political opponents." On another occasion the Under-Secretary maintained that no country should be given free relief unless it had adopted "all reasonable measures to help itself." This test, he indicated, would rule out countries that squandered their resources on large armies, raised havoc with production through

economic experiments, or employed their manufacturing facilities for armaments.

In these statements is found the substance of American objections to participation in UNRRA or any plan for relief on an international basis. We were not opposed, as a matter of principle, to the use of food as an instrument of policy. That we demonstrated later in our policy of dispensing relief unilaterally. But on realistic grounds the United States wanted to be able to make sure that its relief contribution did not help maintain governments whose policies it disapproved. It seemed impossible in any internationally controlled relief scheme to obtain acceptance of American views on distribution. On the contrary it seemed inevitable that American money, as in UNRRA, would be used to finance the distribution of supplies in countries under Russian control, or in the Russian sphere of influence. Thus the shadow of the diplomatic conflict with the Soviet Union during 1945 and 1946 beclouded American idealism and chilled our enthusiasm for unselfish giving.

Congress, in any case, had had enough of UNRRA. The State Department, in working out its policy, had to take account of the probability that Congress would vote no more money for relief under a system which seemed to give the Russians all the benefits while we paid the freight. That became even more apparent after the elections of November 1946.

6. *The Food and Agriculture Organization*

American participation in UNRRA involved our interests in the *immediate* problem of supplying food and other supplies to needy countries. In the background there hovered always the long-range problems of equating the world's food supply to effective food demands. Even in years of the most distressing shortages in world supplies of food, farm leaders in the United States and other exporting countries were worrying over the danger of postwar food surpluses. This was the problem of the Food and Agriculture Organization.

The U.N. Food and Agriculture Organization came into being in October 1945 when the representatives of 30 nations signed its constitution, thus bringing to a conclusion two years of preparatory work which had begun at the Hot Springs (Virginia) Conference in May 1943.²² The new organization had two main purposes: first, to raise standards of human nutrition all over the world, and second, to protect and raise the incomes of the producers of food and other agricultural products. This duality of purpose had in theory much to recommend it. It represented an attempt to find a common solution of two of the world's most pressing problems, (1) the vicious circle of hunger, inefficiency and disease, and (2) the recurrence of unsaleable agricultural surpluses. FAO would try to find ways in which consumption and production could be expanded together, to the mutual benefit of urban and rural populations.

Born in an atmosphere of good will, with an objective calculated "to strike the imagination of a war-weary and hunger-stricken world," FAO, under Sir John Boyd Orr's leadership, developed a vigorous program. To begin with, the program laid emphasis on research and educational activities, the study of nutrition and agriculture in their long-run aspects. It was assumed that other organizations of a temporary character, particularly UNRRA, could handle immediate food problems. But in May 1946, FAO called a special meeting in Washington on Urgent Food Problems. After considering an appraisal of the world food situation, the meeting instructed the Director General to prepare a plan of action. The resulting *Proposals for a World Food Board* were submitted to the FAO conference held at Copenhagen in September.

At the conference the valuable work which FAO was accomplishing in studying the economic and technical problems of agriculture, forestry and fisheries was amply demonstrated; the conference took important decisions promoting these activities. It also merged with FAO the work of the International Institute

²² Later twelve others joined, bringing the total membership to 42. The U.S.S.R. sent observers to Quebec and later to the second conference at Copenhagen but did not join.

of Agriculture and approved an agreement bringing FAO into formal relations with the United Nations. As far as the United States was concerned, these matters were largely non-controversial. In contrast, American policy, foreign and domestic, was deeply involved in the proposals for a World Food Board. In these proposals the interests of the agricultural surplus countries showed their strength. Also, the latent possibilities of the Food and Agriculture Organization as an action body rather than "an archive of scientific fact and knowledge" came into the foreground.

The World Food Board proposed at Copenhagen was designed:

1. To stabilize prices of agricultural commodities on the world markets, including provision of the necessary funds for stabilizing operations.
2. To establish a world food reserve adequate for any emergency that might arise through failure of crops in any part of the world.
3. To provide funds for financing the disposal of surplus agricultural products on special terms to countries where the need for them is most urgent.
4. To cooperate with organizations concerned with international credits for industrial and agricultural development, and with trade and commodity policy, in order that their common ends might be more quickly and effectively achieved.

The Copenhagen Conference was not asked to set up the Board at once but only to approve in principle a plan whose details could be worked out by a committee. But approval even in principle posed a dilemma for U.S. policy, for we were already committed in the *Suggested Charter for an International Trade Organization*, published in the month of the Copenhagen meeting, to ideas at variance with those which inspired the sponsors of the World Food Board. Through long, weary months of a Washington summer, representatives of the State Department had argued with their colleagues in Agriculture about the Orr Plan. Once more the issue was discussed that had plagued them for several years: Could the general use of commodity agree-

ments that controlled trade and set up two-price systems be reconciled with the principles which the United States had long professed in the field of commercial policy? In the draft ITO Charter a compromise was reached that would permit these practices under specified conditions. The Orr Plan would have made them the general rule. To the surprise of many, the United States Delegation at Copenhagen supported a resolution approving the World Food Board report and setting up a Preparatory Commission "to consider further the proposals and submit recommendations regarding the necessary machinery." It looked as though the Department of Agriculture had won.²³

The Copenhagen conference ended in mid-September, 1946. A month later the ITO Preparatory Committee was to meet in London and at the end of October the FAO Preparatory Commission would convene in Washington. Clearly the London delegation, led by Clair Wilcox of the State Department, could not make a case for the ITO Charter's clauses on commodity agreements if the Washington delegation, led by Norris Dodd of Agriculture, was going to commit the United States to world buffer stock plans, two-price systems and comprehensive commodity agreements. The old battle had to be refought, in double-quick time, on a new field. There were four crucial elements in the State Department's position. Acceptance of the Orr Plan would remove virtually all agricultural commodities from the multilateral trading system envisaged in the ITO Charter. The ITO rules limiting commodity agreements to single commodities in "burdensome surplus" would become meaningless. The United States Government had consistently opposed general buffer stock plans, fearing that the political strength of producer interests would make them price-raising, instead of stabilizing, devices. Finally, the Orr Plan would be very expensive and, no matter how it was financed, much, probably most,

²³ Russell Smith, a farm-group commentator, writing from Copenhagen in the *New Republic*, October 14, 1946, commended Under-Secretary of Agriculture Norris Dodd for his leadership at Copenhagen and, by implication, credited him with seeing to it that a late cable from Washington which would have qualified American assent to the resolution "never reached the United States delegation as a whole."

of the money would have to come from the United States.²⁴

Supporters of the ITO Charter won. Dodd's opening speech at the FAO meeting in Washington made it clear that the original Orr plan was dead. American unwillingness to finance the plan, if nothing else, settled that. The United States played the key role—and carried the brunt of the blame—but it was not alone in its opposition. Britain, whose representatives at Copenhagen proposed delay, would probably not have accepted the full-blown World Food Board plan because of the danger of higher prices for food imports.²⁵

The Preparatory Commission stripped the proposed World Food Board of its power to stabilize prices, converting it into a World Food Council with only advisory powers. The responsibility of future international action was placed upon voluntary cooperation of consuming and producing nations. The Commission explicitly rejected restriction of production as a method of preventing the recurrence of agricultural surpluses, in favor of plans for improving nutrition and thereby increasing the demand for food. Industrial development it found imperative to raise the purchasing power of non-agricultural populations and absorb surplus farm workers. This reasoning, which applied to long-range programs for equating supply and demand, was in line with the commercial policy advocated by the Department of State. But, in its proposals for flattening out short-term fluctuations in agricultural prices and dealing with surpluses anticipated in the immediate future, the Commission leaned in the direction of trade restriction. It recommended international agreements which might involve quotas, national buffer stocks governed by international rules, and sales "at special prices for approved nutritional programs" of surplus products which could

²⁴ The Proposals were most general on this point: "It should not be beyond the wisdom and skill of financiers to devise the means and shape the necessary measures."

²⁵ *The Economist* (London), February 15, 1947, observed that the Orr plan had been scrapped because "it would involve more international control than some nations, particularly the United States, will stomach, and more international finance than other nations, such as Britain, can afford."

not "be sold at reasonable prices in the regular markets."²⁶

Meanwhile, in London, the ITO Preparatory Committee adopted a draft chapter on inter-governmental commodity agreements. Although price stabilization was added to the objectives of such agreements, the essentials of the American suggestions were retained. The agreements were still to be limited to commodities in burdensome surplus (or likely to become so), or characterized by widespread unemployment peculiar to the commodity in question; moreover, they were to conform to specified rules. To bridge the gap in time before the ITO was established, the Committee recommended that countries adopt the draft chapter as a guide to agreements they might make. It suggested that the Secretary General of the United Nations appoint a three-man committee, including a representative of the FAO, to facilitate inter-governmental consultation on commodity problems. In March, 1947, the Economic and Social Council approved the resolution.

It remained a question, perhaps not to be resolved immediately but certainly in the long run, whether the differing approaches to world agricultural problems expressed in the ITO and the FAO could be made to lead to the same place and, if not, which would be blocked off.

²⁶ *Report of the FAO Preparatory Commission on World Food Proposals* (Washington, 1947), vii.

² *Parliamentary Debates*, House of Commons (Daily edition), August 24, 1945, 954.

Britain, her colonies, and the Dominions had received two-thirds of all lend-lease. The plan appears to have been that the Halifax-Keynes mission, scheduled to go to Washington in September, should negotiate a tapering-off of lend-lease that would fit in with the granting of a loan by the United States. The sudden Japanese surrender and the abrupt end of lend-lease spoiled the plan; then Britain's problems were complicated still more by the delay in granting the loan.

Although some Americans had felt that lend-lease should be continued to help reconstruction, official policy had consistently been that it would end with the war. When the Lend-Lease Act was renewed in April 1945, Congress amended it to say it should not "be construed to authorize the President to enter into or carry out any contract or agreement with a foreign government for postwar relief, postwar rehabilitation or postwar reconstruction." Foreign Economic Administrator Leo Crowley referred to this action in justifying the ending of lend-lease. "President Truman and myself . . .," he said, "both made promises at that time which were kept when the President directed that immediate steps be taken early this week to terminate lend-lease."³

Perhaps the Congressional formula would have permitted tapering off lend-lease to reduce the shock to foreign economies, but the Administration did not propose such a course. Still, the lend-lease machinery did not stop completely on V-J Day. Supplies in the "pipeline" (i.e. under contract or actually awaiting shipment) were offered to the governments that had asked for them, on 30 year credits at $2\frac{3}{8}$ percent interest advanced under section 3(c) of the Lend-Lease Act. France, Belgium and Holland got additional credits from the Export-Import Bank to buy material they had requested under lend-lease but that was not yet in the pipeline. Temporary extensions were granted for freight services, offsetting arrangements of lend-lease and reverse lend-lease of essential goods, and use of the lend-lease procurement machinery for cash purchase by foreign governments. China continued to get straight lend-lease; enough goods

³ *New York Times*, August 25, 1945.

were sent to Belgium to balance the lend-lease account; and the program by which lend-lease civilian supplies were furnished to Italy through military channels was completed.⁴

No one knew just how the lend-lease accounts would be settled. The Act left that up to the President. No official formula for settlement had been publicized. Full payment in money had been ruled out from the first. The Mutual Aid Agreements signed with most receiving countries provided that the settlement should not "burden commerce."⁵ Taking full account of the \$7.8 billion of reverse lend-lease, our credit balance was still over \$40 billion, an amount that would certainly burden commerce if we asked for money. Would we forgive lend-lease debts completely? If not, for what would we settle? There had been talk of taking foreign raw materials, aviation rights, and bases. Article VII of the Mutual Aid Agreements set out a number of policy goals to which the signatories had agreed. How would these fit into the settlement?

The settlement made within three months of V-J Day with Britain, the first and largest recipient of lend-lease aid, set the pattern for the rest, just as the Mutual Aid Agreement with Britain had become the "master" agreement. The pattern was general since lend-lease settlement was only one item on the agenda, and British willingness to accept some of the terms of the financial agreement and the commercial policy statement probably helped reduce the bill for lend-lease and surplus property. A joint statement at the time the financial agreement was signed laid down the major principles of the settlement and set \$650 million as the maximum which the British would have to pay for lend-lease and surplus property. This sum was treated

⁴Details of these exceptions may be found in the President's *Twenty-First Report to Congress on Lend-Lease Operations* (Washington, 1945).

⁵There were 14 such agreements. Australia, New Zealand and Canada (which paid for its lend-lease) accepted their principles without signing agreements. India was the only major recipient not covered. The agreements with the Latin American countries have not been published; some predate the Master Agreement with the U.K. Apart from Article VII, two provisions of the Mutual Aid Agreements bear directly on the settlement. The United States agrees to take full account of reverse lend-lease. The other party agrees to return goods not destroyed or consumed in the war, if the United States wants them back.

as an additional credit which would be repaid on the same terms as the loan.⁶

A guiding principle of the settlement was that lend-lease goods used up or destroyed in the war were to be written off. Payment was made only on the basis of the agreed postwar value of civilian goods. Lend-lease and reverse lend-lease after V-J Day were to be paid for in full, at cost. Fixed installations were to be kept by the government in whose territories they were located, the British paying for the balance in their favor. Both governments agreed to avoid discrimination against the nationals of the other in the use of these installations. Military goods were to be kept by the country holding them, subject to the right of recapture by the original supplier, though both governments stated their intention not to exercise this right generally.⁷ Their diversion to civilian use within the United Kingdom was to be limited. The British could transfer military materials to third countries only with American consent, paying net proceeds to the United States.

The British bought U. S. surplus property with an "accounting value" of \$60 million (originally costing \$351 million). They agreed to use their best efforts to prevent the export of such goods to the United States. The two governments also balanced their mutual claims arising out of wartime supply activities and waived further claims. The details were worked out in nine agreements signed on March 27, 1946.⁸

The settlement did not affect a prior agreement by which the British were to return within five years of the end of the war the 88 million ounces of American silver supplied under

⁶ However, before the end of 1951 the U.S. Government could request up to \$50 million in sterling for use in purchasing real estate and buying or constructing government buildings in the United Kingdom and the British colonies, or for scholarships and other educational activities agreed on by the two governments. Payments under this provision would be credited against the principal of the debt.

⁷ This peculiar provision occurs in the lend-lease settlements with other countries as well.

⁸ These deal respectively with: pipelines and offsetting arrangements, inter-governmental claims, civilian holdings, military holdings, noncombat aircraft, petroleum, installations, surplus property, and tort claims. The texts are in the *Twenty-Second Report to Congress on Lend-lease Operations*, 48-89.

lend-lease. United States ships had been lend-leased to Britain on a rental basis only, and fell outside the general settlement. From December 1945 the British chartered these vessels for cash. In March 1947 the United States agreed to sell 137 of them to British operators or to the United Kingdom Government. The remaining 169 (except for some others the British might buy) were to be returned at an agreed monthly rate running to the end of March 1948.

Those were the material terms of the settlement. At various times it had been widely believed in this country that the United States ought to get substantial "intangible" benefits from Britain in payment for lend-lease. Territory—such as the British West Indies, naval and air bases, and commercial aviation rights were most frequently suggested as compensation. The Administration rejected these proposals. It took the view that the lend-lease settlement was fair as it stood—that our biggest "benefit" had been the use the British made of the lend-lease goods in fighting the common enemy. Beyond that, the wrapping-up of the lend-lease settlement with the loan and other agreements made it virtually impossible to say which benefits we received as payment for lend-lease, and which for some other consideration. It was claimed that "the British acceptance of [the U.S. trade] proposals can be counted as a tremendous intangible benefit which comes to the United States as part of the lend-lease settlement . . ." ⁹ The next sentence of the Report suggested that there were other intangible benefits as well: "The United States and the United Kingdom also have recently concluded satisfactory agreements in the fields of telecommunication and commercial aviation, which were also negotiated in the spirit of Article VII."

Some Americans said the settlement gave away too much, but debate on it was overshadowed by the discussion of the British loan. In England the terms were regarded as fair and, indeed, generous, but there, too, attention was focused on British commitments in the financial agreement and the understanding on commercial policy.

⁹ *Twenty-second Report to Congress on Lend-lease Operations*, 9.

Six other lend-lease settlements were made in 1946. In May agreements were signed with France, India and Turkey, in June with Australia, in July with New Zealand and in September with Belgium. In March 1947 the South African accounts were settled.¹⁰ The principles of the British settlement were by and large applied to these cases, though the actual terms of each settlement were reached by painstaking negotiation.

The largest of these settlements was with France, which had received almost \$2.4 billion of lend-lease aid. At the same time an Export-Import Bank loan and an understanding on commercial policy were negotiated. France agreed to pay \$420 million over 35 years in settlement of lend-lease and \$300 million on surplus property account. Turkey, Australia, and South Africa agreed to pay their relatively small balances in cash. The accounts with India, New Zealand and Belgium were wiped out, save for some lesser items, since they were more or less in balance.¹¹ Most of the settlements provided for some payment to the United States in local currency or real estate to be used for new embassies or in connection with cultural programs.

These agreements, together with the British, covered 70 per cent of American lend-lease aid. The most important unsettled account was with the Soviet Union, the second largest recipient of aid, which got about \$11.1 billion, and supplied about \$2.2 million as reciprocal lend-lease. At first the United States proposed that lend-lease settlement be discussed in connection with a Soviet loan. In the fall of 1946, when the chances of a loan had about vanished, the Soviets were asked to send a mission to discuss the terms of lend-lease settlement alone. No answer was received to this or subsequent invitations until April 1947, when they finally agreed to negotiate.¹²

¹⁰ The texts of the 1946 agreements and summaries of them appear in the *Twenty-Third Report to Congress on Lend-lease Operations*.

¹¹ The Indian case was complicated by the fact that, in spite of the elaborate accounting process used by the lend-lease administration, the governments failed to agree whether India or the United Kingdom was responsible for some supplies shipped to India.

¹² Complications developed in February 1947 over the fulfillment of U.S. pipeline agreements with various countries, including the U.S.S.R., because Congress had provided that no funds be used to ship goods after the end of 1946.

All Latin American countries were declared eligible for lend-lease assistance in May 1941. All except Argentina received aid, largely in the form of military equipment. The original agreements with them have not been published but are reported to call for cash payment of a certain proportion of the value of the goods transferred.¹³ At the close of the year 1946, only relatively minor matters remained to be settled with Latin American countries; Brazil, the largest recipient, had made substantial payments for lend-lease aid, but no final settlement had been reached.

In his budget message of January 1947 President Truman said that lend-lease settlements with Norway and the Netherlands were almost completed. Earlier it had been announced that negotiations with Greece had been undertaken. In March China was asked to begin negotiations. Settlements had still to be reached with a number of other countries: Poland, Yugoslavia, Czechoslovakia, Iceland, Iraq, Iran, Egypt, Saudi Arabia, Liberia and Ethiopia. Nothing was made public on those negotiations.

Except for the Soviet account and the continued aid to China, the United States had pretty well wound up its lend-lease affairs by the spring of 1947. The terms of the settlements were fair, even generous by conventional standards—but lend-lease was not a conventional instrument. It was an economic weapon, used to win a common victory. The money payments were quite small in the light of the peacetime value of many of the goods to the recipients. Whether they would "burden commerce" remained to be seen; that depended on other factors as well. Certainly the troubles bred by huge debts after the first World War had been avoided. The settlements had the great merit of being final; they chopped off the loose ends, avoiding the bickering and recrimination that could so easily have arisen from the settlements. Though the elaborate accounts and long negotiations seemed a roundabout way of doing it, the United States had successfully prevented its wartime help from becoming a peacetime hazard.

¹³ There was no agreement with Panama and, of course, none with Argentina.

2. Removal of Wartime Controls—Return to Private Trade

With a quick gesture of relief the Truman Administration threw off a number of economic controls immediately after V-J Day. The speed with which it was all done suggested political initiative rather than careful economic or administrative calculation. As it turned out, some controls had to be reimposed during the next year. Foreigners looked on with dismay. They dreaded the effect on the world of a possible "boom and bust" in America. They feared that the United States Government was giving up its power to help them. How could supplies be found for Europe at reasonable prices if there were no control on the purchases of American consumers well supplied with money?

The removal of domestic controls—especially rationing and then, in 1946, price controls—had an important bearing on American foreign trade. But in the present context attention must focus on the removal of foreign trade controls, which, while rapid, was somewhat less precipitous. Already before V-E Day wartime licensing regulations had been eased for a number of exports; by the end of 1945 controls were removed from three-quarters of the products on the wartime list. Formerly all exports had been subject to license unless specifically exempted. Now licenses were needed only for goods included on the government's "Positive List" or for those going to certain countries such as Spain and Argentina.

Continued export licensing had three main purposes. The government felt responsible for ensuring a fair distribution of American exports of some scarce items among foreign countries. A second purpose was to prevent exports from draining off supplies required by the domestic economy. Thirdly, just the reverse, a share of some scarce items was to be exported rather than consumed domestically. But simply issuing export licenses would not make American producers send goods abroad when they had a ready, profitable market at home. The government used its priority power to force exports of tinplate and some other products, and had authority to require goods to be set aside for export. It preferred, however, to use these controls as

little as possible, relying largely on persuasion to meet export goals. Export licensing also enabled us to put pressure on countries like Spain and Argentina by limiting or cutting off their supplies.

During most of 1946 the "Positive List" of controlled exports increased. The world food shortage added wheat and wheat products to the list; the domestic construction crisis added most building materials. Textiles continued to be one of the principal items under control. Toward the end of the year and during the early months of 1947, deletions increased greatly. By the spring of 1947 the list was smaller than at the beginning of 1946.

Once the wartime shortage of shipping space was ended, controls on American imports were taken off except for those needed to carry out international allocations. The Department of Agriculture still controlled many foodstuff imports in the spring of 1947, but only tin and certain cordage fibers remained under the Civilian Production Administration's import control.

The Combined Raw Materials Board, which had directed a large part of the world's wartime trade, was dissolved on American initiative at the end of 1945. Combined committees were formed to continue the allocation of supplies of some crucial scarce products like tin, rubber, coal, hides and leather, and cotton textiles. As supplies increased, committees were dropped, until by the spring of 1947 only the Combined Tin Committee remained.¹⁴ U.S. coal exports were allocated by the U.S. Coal Export Committee, which accepted recommendations of the European Coal Organization on shipments to Europe. Another wartime body, the Combined Food Board, was replaced in July 1946 by the International Emergency Food Council, with a much broader membership. By the spring of 1947 the IEFC had dropped a number of foodstuffs from control but continued to allocate grain, flour, rice, meat, fats and oils, dried beans, sugar, fertilizer and some other products.

¹⁴ The United States, United Kingdom, France, Belgium, the Netherlands, Canada, China and India belong to it, as compared with only American and British participation in the CRMB.

The Proclaimed List of Certain Blocked Nationals—the blacklist—a major weapon of economic warfare, had been shrinking as German overseas interests were eliminated. Though the search for German external assets, in which the blacklist had been used, was not over, and agreements had still to be made with Spain and Portugal, the list was abandoned in July 1946. Americans could now deal with firms formerly listed without violating the Trading with the Enemy Act.

It was a common American assumption that normal trade was private trade. Along with the removal of wartime trade controls Americans looked for the return to private hands of most of the world's trade that had been conducted by governments during the war. Although its state trading was less extensive than that of other governments, the U.S. Government had bought and sold abroad through a number of agencies including the Lend-Lease Administration, the Commodity Credit Corporation, the Metals Reserve and Rubber Reserve Corporations, and the U.S. Commercial Company. Although supply problems and outstanding contracts led to the continuance of some of these activities after the war, most of them were rapidly reduced. By the beginning of 1947 the government remained as exclusive American buyer only of rubber, tin, some hard fibers, and sugar (including alcohol and molasses). It continued some non-exclusive purchasing, including Latin American cinchona and Chinese antimony.¹⁵ The U.S. Commercial Company focused its activities principally on trade with the occupied areas, having withdrawn from Italy early in 1946. The Department of Agriculture continued foreign trading in some agricultural products. Most of these activities were regarded as temporary; stockpiling and perhaps some CCC activities were the only kinds of permanent state trading anticipated by the Government. Few foreign governments were as anxious to end their state trading. Many found it a useful instrument for aiding reconstruction; others planned to stay in some lines of business for good.

¹⁵ Henry Chalmers, "Current Trends in Foreign Trade Policy: Review of 1946," *Foreign Commerce Weekly*, XXVI, February 8, 1947, 3.

Some Americans wanted the U.S. Government to combat foreign state trading. Government officials rejected the suggestion as impractical and involving interference in the affairs of other nations. Our foreign trade, they said, would continue to be in private hands. We could express a strong preference for private enterprise in international trade generally, but we could not try to dictate to foreign governments. As Clair Wilcox of the State Department put it: "We can determine how trade is to be conducted within our own borders; we cannot determine how it is to be conducted abroad. Nationalization has made great progress in many countries since the war. We may not welcome this, but there is very little that we can do about it . . . Ruritania's organization of her internal economy is Ruritania's business . . ." ¹⁶

The United States did, however, take steps to check one form of foreign state trading: the activities of foreign government purchasing missions in this country. Often dealing directly with manufacturers and sometimes doing their own exporting, the missions cut out American exporters, freight forwarders and others from a segment of our foreign trade. In May 1946 the State Department announced that it had discussed the subject with representatives of fifteen countries (other than American republics). They were told that the missions should limit their operations during the transition period to the procurement of essential civilian commodities. They were also expected to use normal trade channels to the maximum extent practicable and to bring their purchasing methods into accord with commercial considerations.¹⁷ As the transitional period came to a close, the missions should be terminated. Since the U.S.S.R. could not return trade to private hands, the State Department took the view that its trade should be handled by agencies incorporated in the United States as was the case prior to the war.¹⁸ The

¹⁶ Speech before the National Industrial Conference Board, September 25, 1946 (Department of State, *Bulletin*, XV, October 6, 1946, 640-4).

¹⁷ Department of State, *Bulletin*, XIV, May 12, 1946, 819.

¹⁸ Amtorg, owned by the Soviet Government, is a New York corporation which before the war was the principal channel of trade. During the war a large Soviet Purchasing Mission played the major role, though Amtorg continued in business.

countries consulted agreed, in general, with these suggestions. Some of the missions explained that they had curtailed their activities very considerably and hoped to disband by the end of the year. By the spring of 1947, only a few of the missions seemed to have been completely dissolved. The Russians had reverted to Amtorg and the Poles had replaced their mission with a U.S. corporation.

Members of the foreign trade community called on the Export-Import Bank to stipulate that its loans be used to keep trade in private hands. The Bank explained that the missions were only a symptom of the difficulties facing foreign governments: limited supplies of dollars, inability to revive private trade at home fast enough, need of special machinery to get scarce goods. However, the Bank urged borrowing governments to use private trade channels whenever possible and got their agreement to make some of the borrowed funds available to private importers.

3. Foreign Trade and Payments

Our foreign trade reached record levels during the war. Peak exports, in 1944, exceeded \$14 billion, nearly five times the prewar level. Eighty percent was lend-lease. Imports were \$3.9 billion, about 60 percent above prewar.

American exports fell sharply at the end of the war. In September 1945, when lend-lease ended, they were \$500 million, less than half the monthly average for 1944, but recovered substantially during the last quarter. Exports for 1945 came to \$9.6 billion, less than three-fifths of it lend-lease. Imports were not much affected by the end of the war, totalling \$4.1 billion, slightly above 1944.

Even with the shipping strike in the fall, 1946 exports were \$9.7 billion, triple the value and double the volume of the 1936-38 average. Lend-lease, UNRRA and government exports accounted for only one-fifth of the total. Imports in 1946 were close to \$5 billion. Though twice the prewar level in value, a 70 percent price rise accounted for most of the increase.

The most striking change from 1939 in the composition of postwar exports was the rise in importance of foodstuffs. They comprised almost one-quarter of the total in 1946, compared with about one-tenth in 1939, and not much more than that in 1944. Finished manufactures dropped from their 1944 share of 75 percent to roughly their prewar position, accounting for half our exports. The composition of U.S. imports in 1946 was fairly close to the prewar pattern.

As Table III shows, there were several noteworthy changes in the broad geographical distribution of U.S. foreign trade in 1946, compared with wartime or with prewar years. During the war Latin America and Canada had increased greatly in importance as sources of supply, while Europe and Asia naturally supplied much less than before. Wartime exports still went largely to Europe, thanks to lend-lease, the western hemisphere and Asiatic shares diminishing.

TABLE III
GEOGRAPHICAL DISTRIBUTION OF U.S. FOREIGN TRADE
1946 compared with 1944 and 1936-8

Percentage share of:	Exports			Imports		
	1946	1944	1936-8	1946	1944	1936-8
Canada	14.8	10.1	15.3	17.9	32.1	13.9
American Republics	21.5	7.4	16.3	35.7	40.7	21.8
United Kingdom	8.8	36.8	16.8	3.2	2.2	7.0
Continental Europe	33.0	28.8	24.6	12.8	5.1	21.4
Asia	13.8	7.0	16.8	18.4	8.2	30.0
Africa	5.0	6.1	4.3	6.2	5.6	2.6
Other	3.1	3.8	5.9	5.8	6.1	3.3

Sources: *Foreign Commerce Weekly*, XXVI, March 22, 1947, 9. *Foreign Commerce and Navigation* . . . 1944, xxix, xxx.

Exports include re-export. Imports are general imports. Continental Europe includes the U.S.S.R.

Finding dollars to pay for the excess of American exports over imports is a chronic problem for foreign countries. Even a uniform percentage rise in our exports and imports from prewar levels would have increased their bill. But exports tripled while imports doubled, widening the margin still fur-

ther. During the war, lend-lease took care of the problem, but after it foreigners had to pay once more. Table IV shows how they met the problem in 1946.

American exports exceeded imports in 1946 by \$4.8 billion. Transfer of other goods, such as surplus property and supplies for occupied countries, brought the total to \$6.9 billion. The bill was increased further by an American credit balance on account of services, reversing the usual prewar position. Interest and income on our foreign loans and investments brought the total due us to over \$8 billion.

TABLE IV

THE FOREIGN ACCOUNTS OF THE U.S. IN 1946

On balance foreigners owed us for:	
Goods	6.9 billion dollars
Interest and services	1.3
Total	8.2
We gave them, through UNRRA, lend-lease, etc.	3.1
Leaving a balance due us	5.1
They paid:	
In dollars	1.5
With gold	.6
And borrowed from us	3.0 billion dollars

Source: Adapted from "International Transactions of the United States in 1946," *Survey of Current Business*, xxvii, March 1947, 11-16.

The payment of \$1.5 billion represents reduction of balances by \$1.2 billion and sale of \$340 million of long-term assets.

We gave away some of these goods. UNRRA got \$1.5 billion worth and private gifts accounted for \$800 million. Though in theory we may some day be repaid for the goods supplied to occupied areas, they may be classified as gifts for the present. All told, government contributions reduced the total by \$3.1 billion. This left foreigners owing us \$5.1 billion, over five times the 1938 figure. They paid for \$2.1 billion of this, partly in gold but mostly out of their dollar balances or by selling American securities. The remaining \$3 billion was met by disbursements

from U.S. Government credits. The Export-Import Bank supplied one billion, lend-lease credits \$546 million, and surplus property credits \$860 million. The British drew \$600 million of their loan. Private capital played no significant role. Although new American long-term investment abroad amounted to \$673 million and short-term balances increased by \$261 million, this outflow was offset by a reduction of about \$900 million in private long-term investments abroad.

More than ever before American lending power dominated our foreign economic transactions.

4. The British Loan

The loan to Britain was more than just a loan, more even than a very big loan. It was crucial to the success of the Bretton Woods institutions, the lend-lease settlement, world reconstruction and the liberalization of international trade. Assistant Secretary of State Clayton called it "the greatest single factor thus far in the postwar foreign economic policy of the United States."¹⁹ It would, said the President's message to Congress, "set the course of American and British economic relations for many years to come."²⁰ Nor did it lack political aspects.

American postwar economic planning, official and unofficial, had given special attention to the British balance of payments. The United Kingdom had long imported much more than it exported, paying for the difference with the income from foreign investments and the proceeds of services such as shipping, insurance and banking. During the war exports fell in value by half while the cost of imports rose 50 percent. The result was an annual trade deficit for 1942-44 of £918 million, compared with £388 million in 1936-38. British foreign investments worth \$4.5 billion were sold or repatriated from September 1939 to June 1945; meanwhile, foreigners accumulated \$14 billion worth of blocked sterling balances in London.

¹⁹ William L. Clayton, "The British Loan and American Foreign Trade," *Dun's Review*, May 11, 1946, 74.

²⁰ *Congressional Record*, 79th Congress, 2nd Session (Daily edition), January 30, 1946, 603.

Net shipping losses were almost one-third the prewar British tonnage. Clearly, the British balance of payments would never be the same again. To pay for imports at prewar levels, exports would have to rise 50 to 75 percent, by volume. Before that could happen, some means would have to be found to cover immediate postwar deficits. Those means only the United States could provide. Britain still had a key role in world trade. Unless she could stand on her own feet, there was little chance of achieving the kind of world economy the United States wanted.

When the Japanese capitulated, Assistant Secretary Clayton was in England for preliminary talks on postwar economic co-operation. With the end of lend-lease, the British were faced with what Lord Keynes called "the prospect of just that interregnum which we had hoped to avoid."²¹ On September 11, a British mission headed by Halifax and Keynes held its first meeting in Washington with an American delegation headed by Clayton (sitting for Secretary Byrnes) and including, among others, Secretary of the Treasury Vinson, Secretary of Commerce Wallace, and Marriner Eccles, Chairman of the Federal Reserve Board. The British opened the negotiations by requesting a gift or grant-in-aid, which was at once rejected. Whatever the American officials may have thought of the idea, they judged that Congress would not accept it. Attention then turned to the size, terms and conditions of a loan, the only alternative.

The opening announcement had said the talks might continue for several weeks. They lasted three months. The negotiations were difficult and the bargaining hard, but finally agreement was reached, and the terms were published on December 6, 1945. The United States granted Britain a line of credit of \$3.75 billion drawable to the end of 1951, repayment in fifty equal annual installments to begin that year, with interest at 2 percent on the credit outstanding. An additional \$650 million to finance the British payments for lend-lease and surplus property was advanced on the same terms, bringing the total credit to \$4.4 billion. This was less money than the British had hoped to get; they had estimated their balance of payments deficit for

²¹ *New York Times*, September 13, 1945.

three to five years at \$5 billion. Some of the American experts thought it would have been wise to lend them more than their minimum requirements. (Lord Keynes said, "If we are all but a shilling broke, we are broke.") However, a Canadian loan of \$1.25 billion and some credits from other sources brought Great Britain's foreign financial aid above the estimated \$5 billion minimum.

The interest rate had been a source of much difficulty in the negotiations. Failing a gift, the British hoped for an interest-free loan. The American negotiators turned that down, probably for political reasons. "I shall never so long as I live cease to regret that this is not an interest-free loan," said Keynes, in reviewing the negotiations before the House of Lords.²² The rate, two percent, was below that charged on Export-Import Bank loans, lend-lease and surplus property credits, and might prove to be less than the cost of the money to the U.S. Treasury.²³ But the Administration defended the low rate on the grounds that the United States got other benefits from the loan and that there was a danger of over-burdening the British balance of payments. Carrying this reasoning further, the United States agreed to waive interest payments when the British find their foreign exchange position requires it and can show that their income from exports plus net income from invisible current transactions averages less than the value of their average imports for 1936-38.²⁴ Interest waived can never be collected; there is no waiver on principal. The value of the waiver to Britain is greatest in the first years of repayment when interest is the larger part of the annual installments due.

During the war foreign countries had accumulated sterling balances in London more than three times as large as the American loan. The dead weight of these balances threatened to

²² *Parliamentary Debates*, House of Lords (Daily edition), December 18, 1945, 777-794.

²³ The actual rate depends on how rapidly the British draw on the credit and whether any interest is waived. For a comparison with interest paid by the Treasury, see testimony of Secretary Vinson before Senate Banking and Currency Committee, March 5, 1946 (*Hearings* on S.J. Res. 138, 79th Congress, 2nd Session, 1946, 40-7).

²⁴ Further details of this arrangement are in sections 5 and 6 of the agreement.

hamper British recovery and so jeopardize the purpose of the loan. Obviously, British obligations to other countries could not be settled by an agreement with the United States, but the latter was concerned in the matter for, without lend-lease, we too would have had large balances. We wanted countries with large sterling balances to assist the United Kingdom by scaling them down. With American moral support the British, in the Financial Agreement, stated their intention of reaching an early settlement with the holders of the balances to reduce them, free some immediately, and turn the rest into debts to be paid over a period. The United States also insisted on a commitment that, whenever Britain released any blocked sterling (after the Agreement had been in effect a year), the money would be freely convertible into any currency. Thus British exports would not have a preferred position in foreign markets because of the blocked sterling. The provision increased the demands on the British supply of foreign exchange, particularly dollars, but it was an important step toward restoring free exchanges and toward a multilateral trading world.²⁵

After much bargaining the British accepted some sharp limitations on their use of exchange controls. This important concession was one of the hardest for the British to make and was much criticized in England. As soon as the Agreement came into effect, exchange controls on current transactions with the United States were to end and, within a year, controls on all current transactions. The principal exception was for controls imposed in accordance with the Bretton Woods Agreement. Britain gave up, however, its rather important right under that agreement to impose exchange controls without the consent of the International Monetary Fund during the postwar transition period.

During the war the dollars received by countries in the ster-

²⁵ American officials thought a clause in the British-Argentine agreement of September 1946 conflicted with this provision of the financial agreement. The British considered the question hypothetical but agreed not to put similar provisions in future agreements. (See the exchange of letters, *Congressional Record*, 80th Congress, 1st Session, Daily Edition, February 5, 1947, Appendix, A429-430). Subsequently the balances were eliminated by the purchase of the British railroads in Argentina by the Argentine Government.

ling area²⁶ were pooled and apportioned according to the urgency of each country's need for goods that had to be paid for in "hard" currencies. The United Kingdom, for instance, drew more dollars from the pool than it currently earned; India, on the other hand, was a net contributor of dollars. The arrangement, which continued into the peace, was regarded by Americans as a barrier to the liberalization of world trade. Though it did not reduce the volume of American exports—the dollars were all spent—it did change their composition and direction. British exporters, moreover, had a preferred position because sterling area countries did not spend dollars for goods that they could buy with pounds. In the Financial Agreement the British agreed to give up the dollar pool arrangements within a year of the effective date of the Agreement, so that all countries in the sterling area would have the dollars and the pounds they currently earned available to spend anywhere.²⁷

Even with the loan, the British would have to limit their imports for some time to come, but the Financial Agreement provided that, after the end of 1946, they would not discriminate against American products save in specified exceptional circumstances.

The foregoing provisions of the Financial Agreement were advance installments on the liberal world trade policy advocated by the United States. The Agreement, plus the lend-lease and surplus property settlements and the understanding on trade policy, made the British loan a factor shaping not only American-British economic relations but the whole of postwar international trade and finance.

Parliament accepted the Financial Agreement within two weeks of its signature. The United States took seven months to provide the money. After two days' debate, the House of Commons approved the Agreement on December 13, by a vote of 345 to 98, with a large body of Conservatives abstaining under

²⁶ The British Empire and Commonwealth, except Canada, plus Egypt, the Anglo-Egyptian Sudan, Iraq, Iceland and the Faroe Islands.

²⁷ British military expenditures to the end of 1948 are excepted from this provision and may be treated on the same basis as blocked sterling.

Winston Churchill's leadership. The Lords, after two days of debate, approved the agreement, 90 to 8, on December 18. At the same time, both houses passed a bill providing for the United Kingdom's adherence to the Bretton Woods institutions, which the British had delayed until they knew how much financial aid they were going to get. In England, acceptance of Bretton Woods was looked on as virtually a part of the loan agreement though the latter contained no reference to it. During the Parliamentary debate the conditions of the loan, and especially Britain's commitments on commercial policy and exchange control, were severely criticized by both Tory and Labor speakers, while government spokesmen seemed to regard the Agreement as a necessary evil. Parliamentary criticism, however, and the prevailing British view that the loan was a hard bargain, probably helped the American Administration persuade Congress that it had not sold the United States down the river.

On January 20, 1946, President Truman sent the Financial Agreement to Congress with a message asking its approval. The Administration hoped for rapid action. The British needed the money, and it was judged impossible to start international trade negotiations until the loan was passed. But there were pressing domestic matters, such as the future of price control, which were politically much more important to the Congress. The Senate hearings on the bill were chiefly devoted to examination of Administration officials who presented the case for the loan. It was supported also by spokesmen for a number of organizations (e.g., the U.S. Chamber of Commerce, the American Associates of the International Chamber of Commerce, the National Foreign Trade Council, the National Farmers Union, the American Farm Bureau Federation, the American Veterans Committee, the CIO, and the National League of Women Voters; the American Federation of Labor and other groups submitted supporting statements). Only three opposition witnesses appeared: former Representative Hamilton Fish, John B. Trevor, president of American Coalition, and Jacob Coxey, elderly "General" of the famous army of unemployed that marched on Washington in 1894. On April 10, the Senate

Finance Committee reported the bill favorably, 14 to 5. The dissentients were Senator McFarland, Democrat of Arizona, who sponsored an amendment under which the United States would get British bases for the loan, and Republican Senators Taft, Butler, Capehart and Capper.

In the Senate debate, some of the bill's opponents, notably Senators Langer, Bilbo and Ellender, conducted a quasi-filibuster. While the Administration was believed to have a majority from the beginning, there was a large uncertain vote. Three declarations of support from Senators in this group were particularly important in swinging votes. Senator Vandenberg came out for the loan just before he left for Paris with Secretary Byrnes. Senator McKellar's rather unexpected support carried considerable weight with a number of southern Democrats. While the debate was on, the British announced they would not reopen the Liverpool Cotton Exchange, thereby keeping cotton imports in government hands. So it was important that Senator Maybank of South Carolina supported the loan, apparently accepting Clayton's argument that such decisions would not mean discrimination against American cotton. The debate continued so long without producing new points that Majority Leader Barkley announced on May 3 that he would not lay aside the bill until a vote had been taken, even if the Selective Service Act expired for want of Congressional action. Nine amendments were defeated, all of which would have required major changes in the agreement and would probably not have been acceptable to Britain. Of these, one calling for the United States to get bases attracted the most support, failing by 45 votes to 40. On May 10 the loan was passed, 46 to 34. The majority included 29 Democrats and 17 Republicans; the minority, 15 Democrats, 18 Republicans, and Senator LaFollette.

In the House, after three weeks of hearings, the Banking and Currency Committee reported the bill favorably, 20 to 5. Debate began on July 8. The Administration showed its concern by special efforts: President Truman wrote a letter to Chairman Spence of the Banking and Currency Committee, and Sec-

retary Byrnes sent a cable from Paris, both stressing the importance of the measure. Although more difficulties had been predicted in the House than in the Senate, the loan on the whole had an easier time there. Important support from the Republican side came when Jesse Wolcott of Michigan, ranking member of the Banking and Currency Committee, helped manage the passage of the bill, and when Representative Wadsworth of New York announced his support. Minority Leader Martin also voted for the loan. It passed, 219 to 155, on July 13, after about a dozen amendments had been voted down. 157 Democrats, 61 Republicans and Representative Marcantonio were in the majority; 122 Republicans, 32 Democrats and one Progressive in opposition.

In public and Congressional debate, the Administration's case centered on two themes: the role of the loan in world recovery, and the direct benefits to this country from the Agreement. American self-interest was established as the motivation for the loan. The argument was put on a "businesslike" basis. The loan "is not a reward for an ally . . .", said Dean Acheson. "It is not a pension, gift, or handout of any description whatever. It is an investment in the future."²⁸ As Keynes put it, "Our American friends were interested not in our wounds . . . but in our convalescence." It was not hard to show the dependence of world economic recovery on that of Britain. The Administration made a persuasive argument by pointing out what would happen without the loan. Britain would be forced to restrict imports, make bilateral trade bargains, and discriminate against American goods. The vital dollars would be scarce. With the loan, things could be made to move in the other direction.

Many opponents of the loan argued that it was a bad risk and too great a burden on American finances. Jesse Jones proposed a smaller loan secured on collateral. Senator Brooks of Illinois reasoned that the British could only repay it by selling us large quantities of goods; he was sure this country would not reduce its tariff enough to make that possible. Senator Taft

²⁸ Department of State, *Bulletin*, XIV, February 10, 1946, 185-9.

avored a gift with no strings attached—but of only \$1.25 billion. Former Ambassador Kennedy thought the British were “broke” and recommended giving them the whole amount outright, largely to combat communism. To fears that we were strengthening British socialism, the Administration answered that nationalization required no dollars; the Labor Party would obviously not jettison its basic program to get an American loan; and failure to lend might even hasten nationalization in some lines by increasing economic pressures and requiring greater governmental control. Furthermore, Administration spokesmen pointed out, Britain’s domestic economy was Britain’s own affair.

Other objections centered on the addition to our debt burden, the low interest rate—why lend money to the British at 2 percent when GI’s had to pay 4 percent on housing loans?—and the inflationary effect of British purchasing. Amendments were offered to raise the money by a special bond issue to be purchased by those interested enough in helping Britain to risk their own money. To all these objections the Administration had detailed answers.

Another line of attack was the demand that the British should use their other resources before they borrowed from the United States. The gold, diamonds, precious metals and raw materials to be found in the British Empire—Dominions, as well as colonies—were all tabulated and read into the record. Some argued that the British should sell their remaining foreign investments. Particular attention was called to the American securities which the British government had pledged as collateral for the \$425 million RFC loan made in July 1941. The Administration answered that to the extent that the British disposed of their overseas investments, they would be gaining immediate advantage at the expense of their long-run position. It was precisely the wartime liquidation of many of Britain’s overseas assets that was a major factor in making the loan necessary. The raw materials and gold were potential foreign exchange. Only a larger loan could achieve the intended purposes if any important source of foreign exchange were re-

moved from the British balance of payments. Clayton summed it up by saying, "Look at it in business terms. A banker prizes the earning assets of his debtor, he does not demand that he liquidate them as a condition of borrowing."

The final major criticism of the Agreement was, "We didn't get enough." What we should have got differed according to the speaker, but most frequently included bases, aviation rights, special guarantees of treatment for American enterprises in British territory, solution of the Palestine issue, or even territory, usually the British West Indies. The Administration held that we did get a great deal out of the Financial Agreement, pointing out that the British considered it a hard bargain. If pressed too hard, there comes a point when the prospective borrower packs his bag and goes home, Acheson remarked. "Between self-respecting people political concessions are not to be bought for money." In addition, said the Administration, the only conditions attached to the loan should be those directly connected with its purpose, such as commitments on exchange control, blocked sterling, and commercial policy.

Try as it would to keep the British loan in an economic and financial framework, the Administration could not keep political considerations out of the debate. Anti-British feeling played its part. British "imperialism" came in for its share of criticism. Ireland's traditional place in discussions of British-American relations was now taken by Palestine. Criticism of British policy there reached a high point during the House debate, provoked largely by Foreign Secretary Bevin's statement at the Labor Party conference on June 12 that the Americans supported Zionism "because they did not want too many of them [Jews] in New York." At that point, the Administration feared defeat of the loan. It argued strongly that the two questions should be separated and was fortunate in finding some support among Zionist groups. The day after the British Government denied him a visa for Palestine, Rabbi Stephen Wise said, "I shall not permit my abundantly justified indignation against the Palestine government, and its lawless practices, to change the fact of my support, as an American, of the British loan. The issue

should be decided solely on its merits.”²⁹ The statement was read on the floor of the House by Representative Bloom, who took the same position.

Tension with Russia helped the loan, playing a considerable part in offsetting political objections and doubts of the loan's economic soundness. The Administration avoided using this argument, wishing to take no openly anti-Russian position, but it could not prevent others from applying the political calculus. Throughout the debate many had argued that the loan would strengthen Britain and provide a sound cement for the American-British friendship needed to meet the Soviet challenge. Anti-Soviet sentiment had risen throughout the country since Winston Churchill, speaking at Fulton on March 5, had proposed a “fraternal association” of English-speaking nations to check Russia. Churchill had been rather strongly criticized for undermining the United Nations. Now, several months later, his idea seemed to be a decisive factor in determining many Congressmen to vote for the loan.

Before he left for Paris, Senator Vandenberg announced his support of the loan, saying, “If we do not lead, Mr. President, some other great and powerful nation will capitalize our failure and we shall pay the price of our default. We shall not stand still. We shall either go forward or backward.” The negotiations at Paris, where the differences with Russia were dramatized, gave added point to the argument. Thus a new issue came in: defeat of the loan would be taken as a sign that the nation was not unified behind Secretary Byrnes' foreign policy.

Just before the loan came to a vote, leaders in both Houses gave voice to the anti-Russian argument. Senator Barkley said, “I do not desire, for myself or for my country, to take a position that will drive our ally into arms into which we do not want her to be folded.” Speaker Rayburn stepped down from the chair to address a closely attentive House. The key passage of his short speech was, “I do not want Western Europe, England, and all the rest pushed further into and toward an ideology that I despise. I fear if we do not cooperate with this

²⁹ *New York Times*, July 10, 1946.

great natural ally of ours, that is what will happen. If we are not allied with the great British democracy, I fear somebody will be and God pity us when we have no ally across the Atlantic Ocean, and God pity them, too."

On July 15, 1946, President Truman signed the bill, making that day the "effective date" of the Financial Agreement. The British received their first \$300 million on July 18, when the Treasury deposited this sum to their account in the Federal Reserve Bank of New York. By December \$600 million had been used, and by late February 1947 \$900 million was drawn. Figures are not available on the exact uses to which the money has been put, but concern was expressed in England over the proportion of dollars—and therefore of the loan as well—being spent for tobacco and films. Add to this the amounts spent for foodstuffs, both for the United Kingdom and the British zone of Germany, and there was reason to worry that too little was being done to save the precious dollars for capital equipment needed to rebuild Britain's industry so she could export and repay the loan. Chancellor of the Exchequer Dalton had said the loan was to be "a springboard, not a sofa."

The sharp rise in American prices after the end of OPA made the situation worse; in December 1946, Dalton told the House of Commons that the value of the loan had fallen about 23 percent as the result of rising American prices. The shutting down of British factories during February and March 1947 because of the coal and power shortages, and the consequent fall in exports, sharpened the anxiety felt all along by many Britishers that they would not be able to meet their commitments to remove exchange controls and other restrictions by the middle of 1947. The ramifications of the Financial Agreement seemed likely to keep the loan that was more than a loan a matter of public business for some time to come.

5. Lending Policy

To live and rebuild in the years right after the war the world needed American goods. Few countries had or could earn

enough dollars to pay their way. All through the war it had been clear that dollar loans would be crucial to reconstruction. The Bretton Woods institutions could not get under way the minute the war ended. Other countries could help, but the United States, the main source of goods, would also have to be the main source of funds.

On V-E Day the United States was not well organized to do the job. Responsibility for general lending policy was confused. The major foreign lending agency of the government, the Export-Import Bank, had committed all but \$150 million of its authorized \$700 million by June 30, 1945. The Johnson Act barred some of the countries that needed dollars most from private borrowing in this country because they were in default on old debts to our government.

In the summer of 1945 the entire picture changed. The Export-Import Bank was reconstituted and its lending power quintupled. Congress authorized American participation in the World Bank and the International Monetary Fund. The Johnson Act was in large part repealed. The National Advisory Council was created to coordinate all parts of our lending policy.

The Bretton Woods Agreements Act,³⁰ passed in July 1945, authorized American adherence to the Fund and the Bank. It provided that the Johnson Act should not apply to countries belonging to both organizations. It established the National Advisory Council on International Monetary and Financial Problems, composed of the Secretary of the Treasury, as chairman, the Secretaries of State and Commerce, the Chairman of the Board of Governors of the Federal Reserve System and the Chairman of the Board of Directors of the Export-Import Bank. A Cabinet-level committee, the NAC established a working Staff Committee and secretariat composed of officials of the agencies represented on it and of the Securities and Exchange Commission. The task of NAC was to coordinate government lending policy and operations and particularly to keep our ac-

³⁰ Public Law 171, 79th Congress, 1st Session (HR 3314), approved July 31, 1945.

tivities in the Fund and the Bank in line with national lending activities.³¹

In its first year and a half the NAC issued a statement of U.S. lending policy, laid down rules governing surplus property credits and the financial aspects of lend-lease settlements, and passed on specific questions such as the interest rates to be charged by the Export-Import Bank. Under the procedure established, its authorization preceded Export-Import Bank negotiations for loans, but did not guarantee that any particular loan would be made, since the Bank's Board might turn it down. The NAC decided what commitments to ask of foreign borrowers on commercial policy, aviation rights, etc., and discussed the political aspects of loans. Its members also played an active role in loan negotiations: they constituted the American side of the financial committee in the British negotiations and were the group that negotiated with the French.

On the same day that he approved the Bretton Woods Agreements Act, President Truman signed the Export-Import Bank Act of 1945.³² This law restored the Bank's prewar status as an independent agency of the government and removed the former statutory limit on its life. The Bank's top structure was also changed. Henceforth, it would be run by a Board of Directors, four of whom, including the chairman, were full-time officials appointed by the President with the consent of the Senate, for five year terms. The fifth was the Secretary of State, *ex officio*. No more than three members were to belong to the same political party. An Advisory Board, with the same membership as the NAC, was created. The Johnson Act was further modified by exempting from it private participation in the Bank's transactions. Most important of all, the Bank's lending authority was increased to \$3.5 billion, a rise of \$2.8 billion.

³¹ In June 1946, on the suggestion of Assistant Secretary for War Symington and Secretary of the Treasury Snyder, and somewhat to the surprise of other government officials, President Truman appointed a committee of twelve industrialists and bankers to work with the NAC. Under the chairmanship of Winthrop Aldrich, this group was to be a means of consultation and cooperation between the government and private financial and industrial groups.

³² Public Law 173, 79th Congress, 1st Session (HR 3771), approved July 31, 1945.

Reconstruction loans were a new kind of business for the Export-Import Bank. During the latter 1930's it was principally engaged in providing dollars for foreign development projects, especially in Latin America. The war expanded the Bank's operations in that area, "development" becoming a buttress for an intensified Good Neighbor Policy. Up to June 1945, about two-thirds of all the loans authorized by the Bank went to Latin America. In the next eighteen months that area got 6 percent. During the last half of 1945, Latin American countries got about \$106 million in Export-Import Bank loans, largely the outcome of negotiations begun before the war ended; the bulk of it went to Brazil to buy U.S. ships, to Chile for its new steel mill, and to Mexico for electrical equipment. During 1946, loans to Latin America totalled only \$33 million.

Asia fared somewhat better. The largest credit authorized was \$100 million to the Netherlands East Indies, negotiated as part of the first Dutch loan. China got about two-thirds as much, for several specific purposes. Half a billion dollars more was earmarked for China in April 1946, but none had been released by the spring of 1947.

Europe was the big borrower, getting \$1,830 million by mid-1946. Two-thirds of this went to France, and almost one quarter of it to Belgium and the Netherlands. Other Allied states, but not the U.S.S.R. or Yugoslavia, got smaller loans, as did Italy and Finland. Except for \$70 million loaned to Norway and Denmark in July 1945, and the second French loan of \$650 million in June 1946, all of the Bank's reconstruction lending was done between September 1945 and April 1946. In the last half of 1946, only \$2 million was loaned to Europe, to Czechoslovakia for tobacco. Actual disbursements of the Bank's loans came to \$58.6 million in the last half of 1945, rising to about one billion in 1946.

Following a recommendation of the NAC, the Bank charged 3 percent interest on reconstruction loans and 4 percent on most others. Credits to France, Belgium, and the Netherlands in the fall of 1945 to purchase lend-lease goods carried $2\frac{3}{8}$ percent interest, the same as pipeline credits. Most reconstruction

loans were for 15 to 30 years but a few were of shorter term.

Three conditions of Export-Import Bank loans seemed to run contrary to the general American policy of liberalizing world trade and finance on a non-discriminatory basis. First, the loans were tied; borrowers had to spend them in the United States and for specified purposes. Only minor exceptions were made to the first rule; the second was loosened to the extent necessary to permit general reconstruction loans. Tying was not required by law, but the Bank's officials apparently felt that it carried out the intent of Congress, which established the Bank to make loans "for the purpose of aiding the financing and facilitating of exports" from the United States.³³ The practical effect of tying probably was not great, since the goods were not available elsewhere.

Second, Public Resolution 17 of the 73rd Congress requires that goods bought with the proceeds of U.S. Government loans be transported on American ships unless such vessels are not available in sufficient numbers or in sufficient tonnage capacity or on necessary sailing schedules or at reasonable rates. In addition to discriminating against foreign shipping, full application of the resolution would increase foreign dollar requirements at a time when they were already very high and when one of the main purposes of our lending was to help overcome that difficulty. Except for objections raised in Norway when the loan to that country was discussed, little was heard about the application of this law. This probably meant that the exceptions were interpreted to permit arrangements for less than 100 percent American carriage. Since the Bank was advised by the Maritime Commission on the application of Public Resolution 17, it was not likely that American shipping interests suffered.

A third departure from the general principles of American

³³ In its *General Policy Statement*, pp. 7, 8, the Bank states its tying policy in positive terms: "As a general rule, the Bank extends credit only to finance purchases of materials and equipment produced or manufactured in the United States and the technical services of American firms and individuals as distinguished from outlays for materials and labor in the borrowing country or purchases in third countries" (Italics in original). The policy regarding domestic expenditures in borrowing countries is distinct from forbidding purchases in third countries and much more defensible.

economic foreign policy concerned marine insurance. Governments borrowing from the Export-Import Bank tended to insure the shipments they bought at home or in London, leading American insurers to protest that they were losing their "historical share" of the market. Legislation was introduced to compel insurance on goods bought with loan proceeds to be placed in the United States but was dropped when, in March 1946, the Bank ruled that goods financed by its credits had to be insured in contracts payable in dollars, unless the Bank agreed that it was appropriate for the foreign borrower to carry no insurance (e.g., governments might self-insure).

The British loan led Congressmen and others to ask: If we lend the British \$3.75 billion, how much will we have to give the Russians, the French, and all the others lining up outside the Treasury door? The Administration said that Britain was a special case; the loan was no precedent. In March 1946, just as the British loan started through Congress, the NAC's policy statement set a ceiling on lending. "After careful consideration of all factors, the Council has concluded that the most urgent foreign needs will involve negotiations for loan commitments by the Export-Import Bank of approximately 3¼ billion dollars in the period from January 1946 through June 1947."³⁴ The assumption was "that the International Bank will begin lending operations in the latter half of 1946 and that during the calendar year 1947 the International Bank will assume the primary responsibility for meeting the world's international capital requirements that cannot be met by private investors on their own account and risk." To carry out this limited program, the NAC recommended a \$1¼ billion increase in the Export-Import Bank's lending authority.

By the spring of 1947 the World Bank had made no loans. Private lending was minuscule. President Truman never asked Congress to let the Export-Import Bank increase its loans. It could reasonably be concluded that not even "the most urgent foreign needs" foreseen by the NAC were met, much less those it expected the World Bank to fill.

³⁴ House Document 49, 79th Congress, 2nd Session.

The decision not to ask Congress to increase the Export-Import Bank's lending authority seems to have been made in late May or early June, 1946. The economy mood was growing. With an election due in the fall, Congress was eager to go home. A year before, the Bank had informally set aside a billion dollars for the U.S.S.R. The \$500 million earmarked for China in April 1946 and the \$650 million loan approved for France in May had now wiped out that billion. Hence, any increase in the Bank's funds would have been regarded as money for Russia. Its request would be politically hazardous for the Administration, which, by that time, was itself showing no enthusiasm about lending to Russia. An exchange of notes over about six months had resulted in an impasse, with the Soviets unwilling to agree to the requirement that the loan be discussed in connection with lend-lease settlement and economic arrangements in eastern Europe.

Another source of government credit was the sale of surplus property. At the end of the war the Army, the Navy, and other branches of the Government owned billions of dollars worth of property all over the globe. Some of it was in fixed installations—airfields, ports, camps, plants, roads and railroads—the bulk in military supplies and equipment, including such useful peacetime items as ships, planes, and trucks. By the end of 1946, the Foreign Liquidation Commissioner, in the Department of State, received \$1.6 billion from foreign purchasers for material originally costing \$6.8 billion, about 24 cents on the dollar. Another \$166 million worth was sold to UNRRA or under army disposal plans at a somewhat lower rate of return, and nearly half a billion dollars worth was abandoned or given away. Material with an original cost of about \$1.4 billion remained unsold at the end of 1946, and it was expected that another \$2 billion worth would soon be declared surplus.

About one-quarter of the foreign purchasers paid cash in dollars, or cancelled debts owed them by the United States. The United States also took payment in local currency or real estate for use in educational programs, under the Fulbright Act, or to add to our embassies and legations abroad. Fifty-six percent of

the sales—just over \$1.1 billion—were made on credit, the usual terms being 30 years at $2\frac{3}{8}$ percent, payment beginning five years after the transaction. More than 25 countries received credits under this program.

Disposal of surplus airfields was geared to the negotiation of bilateral agreements for reciprocal air rights. Service agreements assuring American airlines the non-discriminatory use of American-installed navigational aids, communications and weather reporting facilities were negotiated as part of surplus property sales. Sometimes continuing American operation was provided for when local governments lacked skilled personnel.

All told, government lending by the United States in the eighteen months ending December 31, 1946, amounted to approximately \$8.8 billion (see Table V). Export-Import Bank loans and surplus property credits provided over \$3.3 billion. Lend-lease credits came to approximately \$1.4 billion and the British loan added \$3.75 billion.

The primary purpose of American postwar lending has been to aid world reconstruction—the physical rebuilding of devastated areas and worn-down economies and the commercial and financial rebuilding of a new world economic structure. Some loans were made conditional on foreign willingness to endorse the aims of our commercial policy. The practice has been condemned as smacking of “double usury,”³⁵ but was defended by the government as aiding the main purpose of the loans: building a liberal international economy.

In some instances purely political considerations were present. The Polish loan carried a series of conditions regarding free elections, publication of the terms of the loan, and information about hitherto secret trade and financial agreements; it was held up until they were met. The cancelling of the Czechoslovakian credit, the failure to lend to the U.S.S.R., and the refusal to let the Chinese draw on the half billion earmarked for them were basically political decisions. The decisive factor in making some loans—to Italy for instance—was probably the

³⁵ Jacob Viner, “America’s Lending Policy,” *Proceedings of the Academy of Political Science*, XXII, January 1947, 57-66.

desire to help and strengthen a friendly country in an exposed position. The timing and size of the French loan was undoubtedly decided with an eye on French politics. The states on the edge of the Soviet bloc—Hungary, Austria, Finland, Greece, Italy and Turkey—all got loans or surplus property credits. Still, political factors did not dominate our lending. We expected the loans to be repaid and geared them, at least in some degree, to the economic potentialities of the borrowing countries. There were economic justifications for the larger loans to western Europe since those countries were likely to play a much larger role in the future international trading economy than the nations farther to the east.

There was considerable support for a more thoroughgoing use of political lending. Even those who in general opposed "dollar diplomacy" felt that our relations with Russia made it imperative. Withhold loans from our potential enemies so as not to build them up, help our friends, cement our alliances with loans, they recommended. How effectively this would advance our political aims was uncertain. The policy outlined in President Truman's message of March 12, 1947, asking Congress for money to lend to Greece and Turkey, seemed designed to provide a real test.

6. The United States in the Bank and the Fund

Direct American lending immediately after the war was based on the assumption that the International Bank for Reconstruction and Development (the World Bank) would be making substantial loans by late 1946 and would take over almost all reconstruction financing during 1947. Although the assumption proved false, American policy did not change.

Some applicants for Export-Import Bank loans were referred to the World Bank; others got smaller loans than they expected, on the ground that they could soon get the rest from that source. As late as June 1946, the Export-Import Bank's second semi-annual report spoke of the World Bank coming into operation "toward the end of 1946," but warned that there

TABLE V

PRINCIPAL CREDITS EXTENDED BY U.S. GOVERNMENT ³⁶

June 30, 1945-December 31, 1946

(millions of dollars)

<i>Country</i>	<i>Ex-Im Bank Loans</i>	<i>Lend- lease Credits</i>	<i>Surplus Property Credits</i>	<i>Total</i>
U.K.	..	590	60	4400 ^a
British Commonwealth	5.7	26	12	43.7
Austria	..	..	10	10
Belgium	100	56	49	205
Czechoslovakia	22	..	50 ^b	72
Denmark	20	..	..	20
Finland	40	..	15	55
France	1200	420	300	1950.9 ^g
Greece	25	..	45	93.7 ^g
Hungary	..	..	15	15
Italy	25	..	160	205.4 ^g
Netherlands	310	63	20	493 ^c
Norway	50	..	10	75.9 ^g
Poland	40	..	50	90
U.S.S.R.	..	244	..	244
Total Continental Europe	1832	783	724	3529.9
China	66.8	48	15	129.8
Netherlands Indies	100	..	100	200
Philippine Islands	..	..	..	75 ^d
Saudi Arabia	25	..	2	27
Turkey	28	..	10	40.8 ^g
Others	..	..	47.8	47.8
Total Asia^e	219.8	48	174.8	520.4
Brazil	46	2	8	65.4 ^g
Chile	47	..	..	47
Mexico	37	..	..	37
Others	8	..	1.5	13.6 ^g
Total Latin America	138	2^f	9.5	163
Other	9.5	..	123.5	133
Grand Total	2205	1449	1103.8	8790

³⁶ Sources: Export-Import Bank *Third Semiannual Report*, pp. 44-5; Department of State, *Twenty-third Report to Congress on Lend-Lease Operations*, p. 19; *idem*,

would be a lag before its loans showed themselves in American exports.³⁷ Then, in its third semi-annual report, at the end of 1946, the Export-Import Bank announced "that it must bring to an end its program of emergency reconstruction credits . . ." and would focus on trade and development financing. Reconstruction loans would be the business of the World Bank, which by that time had applications from eight countries for loans totalling over \$2.3 billion, but had advanced no money.

Early in 1946 representatives of the NAC met with New York bankers to lay the groundwork for marketing the World Bank's securities. In March the Boards of Governors of the Fund and Bank held their first meetings in Savannah. Under American urging the Bank's headquarters were established in Washington, not New York, symbolizing, it was thought, government rather than Wall Street leadership in Bank policy. Against strong British opposition, an American proposal was adopted that the executive directors of the Bank be made full-time officials at high salaries instead of part-time functionaries. Consequently, the role of these government representatives was increased at the expense of the authority of the president of the Bank, which was none too clearly defined.

Report to Congress on Foreign Surplus Disposal, January 1947, p. 28; *Congressional Record*, 80th Congress, 1st Session (Daily edition), April 7, 1947, 3251. Notes: Some of the figures in the table have been compiled on a different basis from those in the sources cited. Lend-lease figures are as of September 30, 1946, and those for surplus property November 30, 1946. Some of the surplus property figures are official estimates. Cf. similar tables, Export-Import Bank, *Third Semi-annual Report*, p. 25, and Miroslav A. Kriz, *Postwar International Lending*, Essays in International Finance, No. 8, Princeton 1947, p. 2.

^a Includes British loan of \$3.75 billion.

^b Sales suspended September 13, 1946, after \$9 million worth of goods had been transferred.

^c Includes Federal Reserve System credit of \$100 million.

^d R.F.C. credit.

^e Excluding India which is included in "Other British Commonwealth Countries."

^f Lend-lease credits have been extended to other Latin American countries, but their amount has not been revealed.

^g Includes Maritime Commission ship sales credits.

³⁷ In accordance with the Bretton Woods Agreements Act, the U.S. representatives sought, and obtained, an interpretation, approved by the Board of Governors in September, 1946, that the Bank could make reconstruction and long-term financial stabilization loans.

It took a long time to find a president. Though an international official, it was understood he would be an American, nominated by the United States Government. The job was difficult to fill; Washington, Wall Street, and the rest of the world all needed to be satisfied.³⁸ In June, Eugene Meyer, former banker and publisher of the *Washington Post*, became the Bank's first president, and the Bank announced that it was open for business. But staffing the Bank was also a slow affair. It was hard to find officials of high quality while paying "due regard to the importance of recruiting personnel on as wide a geographical basis as possible," as the Articles of Agreement prescribed. By August, American bankers began to complain that they knew nothing of the Bank's plans for marketing its securities. In a press conference Meyer assured them there would be adequate information when the Bank was ready to float its obligations, which would not be immediately. He thought haste neither necessary nor desirable.³⁹

Mr. Meyer resigned in December saying that he had agreed to stay only for a while and that, since the Bank was now ready to begin operations, a permanent head should take over. To those who looked for deeper reasons, the Bank president's anomalous position seemed the most plausible. The World Bank was being run not by its president but by directors expressing national policies. Though many would blame the president for the Bank's difficulties or failures, he had little real power to prevent them. Chosen for his prominence and ability, and for the confidence the financial community would have in him, Meyer as president had less power than the American executive director, Emilio G. Collado, formerly of

³⁸ When the job was reportedly offered to Lewis Douglas, President of the Mutual Life Insurance Company, former Secretary of the Treasury Morgenthau wrote to Secretary Vinson, "... I sought, for a period of 12 years . . . to move the financial center of the world from London and Wall Street to the United States Treasury and to create a new concept between nations on international finance . . . I feel very deeply that if, at the instance of the United States, Lewis Douglas is elected head of the World Bank, the Truman Administration will be regarded, and justly so, as having . . . handed back control of international finance to Wall St. . . ." (*PM*, March 31, 1946). Mr. Douglas announced that his board would not release him.

³⁹ *New York Times*, November 1, 1946.

the State Department. The United States not only had the largest vote in the Bank (almost 40 percent), but could veto flotation of loans in this country, the potential source of most of the Bank's funds. By statute, the American representatives on the Bank were subject to control by the NAC. That body's approval was required whenever American agreement was essential for the Bank to act. The president, on the other hand, had to give his entire allegiance to the Bank, member countries being forbidden by the Articles of Agreement to influence him. He could not be the instrument of American policy, yet he could not run the Bank unless American policy supported him. The position seemed impossible, unless the American executive director and the president saw eye-to-eye on major questions or one of them stepped completely into the background.

The search for a president began again, under less favorable circumstances than before. Doubt and disapproval of the Bank became more vocal in the New York financial community, which by now had acquired a virtual veto power over the choice of the new head. Unless they approved the man chosen, the Bank would have a hard time getting money from its biggest potential investors.

On February 28, 1947, John J. McCloy, a New York lawyer and former Assistant Secretary of War, was elected president of the Bank. Before accepting the job he had reportedly laid down some conditions. One became apparent when Collado resigned and was replaced by Eugene Black, a New York banker. As vice president of the Bank McCloy picked Robert L. Garner, financial vice president of General Foods. By choosing his own team, the new president clearly expected to overcome the difficulties of the Bank's structure. He was also reported to have secured the agreement of the State and Treasury Departments to the proposition that the Bank should carry out a more limited program of "safer" loans than had been originally expected.⁴⁰

Things went more smoothly with the Fund. At Savannah organizational decisions similar to those on the Bank were taken. The Fund was located in Washington, with full-time

⁴⁰ *New York Herald Tribune*, February 20, 1947.

executive directors. The managing director's functions are described by the Articles of Agreement in language paralleling that setting out those of the Bank's president. Yet the Fund had none of the Bank's difficulties, other than some delay in organization and staffing. There were several significant differences. The managing director was not an American. No loans had to be floated in the private securities markets of the United States. The United States had no veto over the Fund's use of dollars. At least in its initial stages, the Fund could operate under the rules laid down in the Articles of Agreement without making policy decisions as important as those required of the Bank.

Camille Gutt of Belgium was elected managing director of the Fund in May, 1946. In September the Fund asked members to communicate to it the par values of their currencies. In December it issued a list of parities. On March 1, 1947, it formally began operations and on May 22 made its first advances, to France and the Netherlands.

The Bretton Woods Agreements Act directed the U.S. governor and executive director to get the Fund's interpretation as to "whether it has authority to use its resources to provide facilities for relief, reconstruction, or armaments, or to meet a large or sustained outflow of capital on the part of any member." If the Fund ruled that it had such powers, the U.S. governor was to propose an amendment to the Articles of Agreement "expressly negating such interpretation." The executive directors ruled that the Fund could only use its resources "to give temporary assistance in financing balance of payments deficits on current account for monetary stabilization operations." The NAC considered this a satisfactory answer. In other words, the Fund would limit itself to supplying foreign exchange to member countries with temporary deficits in their balances of payments.

Another interpretation of the Fund's Articles was made in response to a British request. The Articles of Agreement provide that the Fund is to permit currency depreciation (or appreciation) of more than 10 percent when "it is satisfied that the

change is necessary to correct a fundamental disequilibrium." The British governor wanted to know if a country could take steps necessary to protect itself against "unemployment of a chronic or persistent character arising from pressure on its balance of payments." The executive directors ruled in September 1946 that it could, but reiterated that the Fund itself would make the determination when the case arose.

Having had a fairly successful first year, the Fund could look forward to more strenuous times. The adequacy of its resources to meet the needs of members would be tested as time passed. It would almost certainly have to face the question whether the initial par values of various countries' currencies needed changing. It would have to make decisions about the continuation of exchange controls once the transition period allowed in the Agreement was over. At some point it might well be faced with the fundamental question whether the dollar was a "scarce" currency, a decision that would bring with it major consequences for the trade and exchange policy of other countries toward the United States.

7. Proposals for an International Trade Organization

While postwar conditions forged new American policies in many fields, the striking thing about our trade policy was its continuity. The reduction of trade barriers and the elimination of discrimination which were the central principles of the Hull Reciprocal Trade Agreements program were the essence of the ITO proposals as well. The vehicle was larger, its equipment more complete, but it was going down the same road, driven by the same engine.

From 1934 on, the United States was the sole major power moving steadily, if slowly, toward the liberalization of world trade. Naturally, the great demands and pressures of war overwhelmed trade agreements provisions in their effect on the world's economy. But the agreements were not dead—imports still came into the United States at the reduced rates; the pre-

war agreements remained legally in effect, and some new ones were negotiated.⁴¹

More important, the United States kept the policy alive by extending the Reciprocal Trade Agreements Act in 1940, 1943, and 1945. In the last year the Act was amended to allow the President to reduce duties to 50 percent of the rates in effect on January 1, 1945, instead of 50 percent of the Smoot-Hawley rates. The Administration based its case largely on the role the trade agreements power was to play in creating the kind of postwar economic world this country wanted. The Administration relied on the 1945 extension, valid until June 1948, to carry out the first stages of the ITO program.

Other steps were taken to prepare the way for the postwar removal of trade barriers. Though they were declarations of intent more than promises to act, Point Four of the Atlantic Charter and Article VII of the Mutual Aid Agreements helped set the stage. The latter, particularly, became a vehicle for some of the most important discussions of international economic cooperation. Without committing the British to end imperial preference—a favorite target of American trade policy—Point Four and Article VII pointed that way.

The British loan continued the process. Promising in the financial agreement to relax some trade controls, the British also agreed to the main points of the American *Proposals for Consideration by an International Conference on Trade and Employment*. These had been prepared in the executive branch of the U.S. Government over several years and outlined an international agreement for liberalizing world trade. No doubt the original American proposals were altered to make them more acceptable to the British, but their final form was closer to American policy than to the British approach up to that time. For the United States, it was a major step forward to get British support for the *Proposals* at the forthcoming trade talks, even

⁴¹ Only the agreement with Czechoslovakia was suspended, when the Germans marched into Prague. The wartime agreements were with: Venezuela, 1939; Cuba, supplementary agreements, 1939, 1941; Canada, supplementary agreement, 1940; Argentina, 1941; Peru, Uruguay, Mexico, 1942; Iran, Iceland, 1943; an agreement was concluded with Paraguay in 1946.

qualified as it was "in the light of the views presented by other countries."

Washington then sent copies of the *Proposals* to the governments of all the United Nations, plus several others, and invited fifteen countries⁴² to meet for the negotiation of trade barrier reductions, including the principal trading nations of the world and others that typified different kinds of economic problems and systems. All except the U.S.S.R.—which did not reply—accepted the American invitation.

In February 1946, on American initiative, the United Nations Economic and Social Council unanimously passed a resolution establishing a Preparatory Committee to draft a convention for consideration by an international conference on trade and employment. The suggested agenda for the committee comprised the main divisions of the American *Proposals*. In response to the wishes of a number of countries, the Council asked the committee to take account also of the industrialization of backward areas and special problems concerning the marketing of raw materials. As members of the Preparatory Committee the Council named the United States, the fifteen countries it had invited to discuss trade, and Norway, Chile and Lebanon.⁴³

The United States took other steps to smooth the way for the conference. At the time of the French loan and lend-lease settlement, in May 1946, the French, like the British, expressed their "complete agreement, at all important points, on the principles expressed" in the American trade *Proposals*. They also stated their intentions regarding future trade policy. A new tariff was to be introduced, with all duties on an *ad valorem* basis but with no increase in protection over prewar levels (tariffs plus quotas); it was stated that "France has definitely abandoned its prewar policy of protecting French producers with import quotas." Coming from a country which led in the use of quotas

⁴² Australia, Belgium, Brazil, Canada, China, Cuba, Czechoslovakia, France, Holland, India, Luxembourg, New Zealand, South Africa, U.S.S.R. and the United Kingdom.

⁴³ Since the second session of the Preparatory Committee would be concerned with the reduction of trade barriers, no meeting specifically in response to the American invitations was held though similar invitations were sent to, and were accepted by Norway, Chile and Lebanon.

since the early 1930's, this spontaneous statement seemed to presage an important change in policy. It went on to say that the French Government would have to continue import controls to safeguard its balance of payments and carry out reconstruction. But it would not discriminate among foreign sources of supply in issuing import licenses "as soon as France possesses, or is able to earn, sufficient free foreign exchange so that it is no longer necessary for her to make her purchases within the limits of bilateral trade and financial arrangements."⁴⁴

Commercial policy was discussed in the course of lend-lease negotiations with various other countries. Agreement was reached in each case on the desirability of an international conference on trade and employment, and in several of the agreements both signatories declared it to be their policy to "avoid the adoption of new issues affecting international trade, payments or investments which would prejudice the objective of such a conference."⁴⁵ The agreements with New Zealand and Australia used slightly different language: "The two governments are in full accord on the objectives of a high level of employment and increased international commerce." Neither of the two Dominions was willing to go as far as some European countries in the endorsement of the American trade *Proposals*.

In November, while the Preparatory Committee was meeting in London, the United States exchanged notes with Czechoslovakia,⁴⁶ the first general commercial understanding with an eastern European country since the end of the war. The two governments agreed on the principle of "adequate and effective compensation" for nationalized property. Czechoslovakia declared itself "in accord with the general tenor" of the *Proposals*. Both countries pledged they would abstain from action preju-

⁴⁴ Texts in Department of State, *Bulletin*, XIV, June 9, 1946, 994-1000. There were agreements on a number of additional points including restoration of Franco-American trade to private channels. An agreement on motion pictures limited the showing time the French Government could reserve for domestic moving pictures and provided a formula for removing even this protection if French films should do well enough.

⁴⁵ Quoted from the Belgian settlement. Department of State, *Bulletin*, XIII, October 21, 1945, 610-11.

⁴⁶ *Ibid.*, XV, December 1, 1946, 1004-6.

dicing the forthcoming trade conference and reaffirmed their adherence to Article VII of the Mutual Aid Agreement. While stating that they would have to make bilateral trading agreements during the transition period, the Czechs agreed to abandon them as soon as possible. The most-favored-nation provision of the 1938 trade agreement was reaffirmed; equal treatment was promised in import controls and state trading. The two governments expressed their intention of negotiating a treaty of friendship and commerce. Czechoslovakia agreed to give the U.S. Government information about its foreign economic relations equivalent to the information normally made public by the United States.

These mutual pledges and exchanges of views were in the nature of a trade barrier truce, pending the international conference. Although the Preparatory Committee had been created in February, it did not meet until October 1946. The delay was caused largely by the time consumed in getting the British loan through Congress since, without concrete assurance of the British financial position, very little could have been accomplished. At its first session in London, from October 15 to November 26, the Committee's principal working document was the *Suggested Charter for an International Trade Organization* published by the U.S. Government in September as an elaboration of the *Proposals*. The *Suggested Charter* was put forth "as a basis for discussion and not as a document expressing the fixed or final views" of the United States. It was not an extreme statement of the most that the United States would have liked to get; it took account of the known views of foreign governments and made reasonable compromises on many issues. Even so, the American negotiators knew they could not expect full acceptance of the document.

The *Suggested Charter* was a long and detailed document. Its specific provisions and the changes made at London were important because, in the field of trade, policy has meaning only in terms of concrete measures. It is impossible to give more than a general summary here, but the meaning of the various provisions of the *Suggested Charter* and the changes they un-

derwent at London have been amply reported elsewhere.⁴⁷

Considering the variety of national economies represented at London, and the differing viewpoints on many of the questions covered by the *Suggested Charter*, it would not have been surprising had the meeting ended with little more than an exchange of views. Instead, the conferees reached a wide area of agreement and drafted articles covering most of the points included in the American proposal. In fact, the document that came out of London was a revision of the *Suggested Charter* rather than a wholly new draft. There were important changes, but the essence of the American position was retained.

Spokesmen for a number of countries, especially the United Kingdom, Australia and New Zealand, thought the American chapter on employment too weak. The revised version was longer and emphasized some additional points, probably without changing very much the operation of the commercial policy provisions. Many countries wanted greater freedom to use quotas and exchange controls than the American draft permitted. After considerable debate and redrafting, the basic approach of the American version was retained. Quotas were banned, subject to some exceptions which chiefly concerned countries in balance of payments difficulties; there was only a slight broadening of the exceptions, and the powers of the ITO were increased. "On balance," said the head of the American delegation to the London meeting, the quota provision represented "a distinct improvement over the previous draft."⁴⁸ The exchange control provisions of the American draft were altered to bring the ITO closer to the International Monetary Fund.

A number of underdeveloped countries which hoped to industrialize, such as Australia, India, China, and the Latin American nations, looked askance at the *Suggested Charter's* provisions for lowering trade barriers. They did not want to give up the right to protect their infant industries against foreign competition. A compromise was worked out in the form of a new

⁴⁷ See Selected Bibliography.

⁴⁸ Clair Wilcox, Address to the American Economic Association, January 25, 1947 (mimeographed).

chapter emphasizing the importance of economic development and providing means by which the ITO might grant countries a limited release from their obligations under the Charter in order to protect infant industries, if they got the consent of countries affected by any changes in tariff concessions this might involve.

Because the U.S.S.R., a member of the Preparatory Committee, was not represented at London, no attempt was made to deal with the article in the American draft concerning countries with a complete monopoly of foreign trade. Similarly, no article was drafted concerning relations with non-members, since some countries could not take a definite position without knowing who would be in and who outside the ITO.

There was some weakening of the American draft chapter on restrictive business practices since virtually no other country was willing to accept as strong a condemnation of cartels as was proposed. The chapter on inter-governmental commodity agreements was redrafted. Though the basic American position was retained, the limitations on such agreements were loosened.⁴⁹ The general structure of the ITO proposed by the United States was accepted at London but there was no unanimity on the questions of weighted voting and permanent membership on the Executive Board, the principal organ of the ITO.

Plans were laid for the second session of the Preparatory Committee at Geneva in the spring of 1947, when the Charter was to be discussed further and actual tariff reductions negotiated. A formula for tariff negotiations was adopted providing that reduction of duty rates should automatically reduce margins of preference. An interim Drafting Committee (which met in New York from January 20 to February 28, 1947) was created to go over the document prepared at London, deal with some of the matters left undone, and provide alternative drafts for some articles.

Though the representatives at London were sitting as experts and could not commit their governments, the document they agreed on was in effect a tentative understanding among the

⁴⁹ See above, pp. 340-343.

governments represented, and thus a major step forward in international trade negotiations. The American success was considerable. Rules had been set providing for equal treatment and for limiting the use of direct trade controls. On these matters the United States was asking a good deal from foreign countries and giving up little; such controls had a minor role in our trade policy and we had traditionally granted equal treatment to all comers. At Geneva the United States would have to construct the third side of the triangle, without which the others would fall: the substantial reduction of tariffs. As the Administration began to prepare for this task, the Republicans won control of Congress.⁵⁰

⁵⁰ See below, p. 460.

CHAPTER ELEVEN

SECURITY AND DISARMAMENT

1. The Atomic Energy Commission

IN THE three months which followed the surrender of Japan the peoples of the United Nations learned that the peace was not all they had expected. The complete and final defeat of the Axis powers brought a great feeling of relief, but it did not bring a feeling of security. The disputes among the victors, the inevitable aftermath of every great coalition war, seemed more deep, and more dangerous, than in 1919. The dramatic failure of the London conference in September 1945 dampened the hopes of those who clung to the illusion that a fundamental common interest and the spirit of wartime cooperation would make possible a peace based on ideas of justice and stability, without reference to considerations of power.

In the background of all the diplomatic controversy was the atomic bomb. Even the men in the Kremlin knew that America had not the slightest intention of using the bomb, or of threatening to use it, to extort political concessions, and power is no great help to a nation's diplomacy when the opponent knows it will not be used. In practice, our possession of the bomb merely served to make both nations more stiff-necked and suspicious in their dealings with one another. The new firmness of American policy in Europe and Asia was denounced by the Soviet leaders as "atomic diplomacy" and "atomic imperialism." The longer the United States put off the formulation of an international policy on atomic energy, the more deep would be the suspicions, the more difficult the negotiations. The Soviets were not impressed by President Truman's statement that we regarded our possession of the bomb as a "sacred trust." "Because of our love of peace," he declared in his Navy Day

speech of October 27, 1945, "the thoughtful people of the world know that that trust will not be violated, that it will be faithfully executed." The Russians, by recurrent attacks on "atomic diplomacy," seemed to have placed themselves outside the category of thoughtful people.

The outlines of American policy on the international control of atomic energy were for the first time made public on November 15, 1945, when Truman, Attlee and Mackenzie King issued their joint declaration from Washington.¹ They declared themselves prepared "to share on a reciprocal basis with others of the United Nations detailed information concerning the practical industrial application of atomic energy just as soon as effective enforceable safeguards against its use for destructive purposes can be devised." The communiqué went on to propose the immediate creation of a United Nations commission which would establish those safeguards by separate stages, each of which would have to be completed before the following one could be undertaken. The commission would draft for submission to the United Nations proposals for the international exchange of scientific information, for the control of atomic energy limiting its use to peaceful purposes, for the elimination from national armament of atomic weapons as well as other major weapons adaptable to mass destruction, and for effective safeguards against violation and evasion of its rulings.²

Russia accepted the substance of the Truman-Attlee-King proposals at the Moscow Conference of the Big Three Foreign Ministers. In the communiqué issued December 27, 1945, the three powers agreed to invite France and China, the other permanent members of the Security Council, together with Canada, to join with them in sponsoring at the forthcoming London meeting of the General Assembly a resolution for the establish-

¹ See above, p. 39.

² The declaration admitted that "no system of safeguards that can be devised will of itself provide an effective guarantee against production of atomic weapons by a nation bent on aggression." Read in connection with the provision that not only atomic weapons, but others as well, should be eliminated from national armaments, this statement foreshadowed future controversy in which general disarmament was to be linked with the more specialized problem of atomic energy control.

ment of an atomic energy commission. The activities of the commission were described in substantially the same terms as those used in the American-British-Canadian statement of November 15. Molotov had offered a few amendments which tied the commission to the Security Council, where each great power could exercise the veto. There was every reason that the commission should be placed under the authority of the Security Council, if the latter was to exercise its primary responsibility for the maintenance of peace and security. The three Foreign Ministers agreed that the commission would be established by the General Assembly but would report to the Security Council and would receive its directives from that body. The commission would be composed of representatives from each of the states represented on the Security Council, plus Canada when that state was not a member of the Council.

On his return from Moscow Secretary Byrnes found it necessary to assure members of Congress that the United States would insist on adequate safeguards before we released any of our atomic secrets and that Congressional approval was prerequisite to the acceptance of any United Nations recommendations. He had especially to assure Senator Vandenberg, on whose cooperation the bipartisan foreign policy rested. The Senator knew well the mood of Congress on the subject of sharing atomic secrets; he also felt that "appeasement" of Russia had reached its limit. At London, Byrnes urged the creation of the commission as necessary to save the world from atomic war. There was no opposition. On January 24, 1946, the General Assembly unanimously adopted a resolution which, following the wording of the Moscow communiqué, established the Atomic Energy Commission.

Although the resolution called for "the utmost dispatch," two months later Secretary General Trygve Lie felt obliged to call on the twelve member states to complete the appointment of their representatives so that the Commission could begin to function. The U.S. representative, Bernard M. Baruch, was appointed on March 18 and confirmed by the Senate on April 5. On April 30 Gromyko was named as the Soviet representative.

Foreign Minister Evatt represented Australia. The other states named their Security Council representatives to serve also on the Commission.

On June 14, 1946, when the Atomic Energy Commission of the United Nations met for the first time, Baruch presented an American plan for an International Atomic Development Authority. In its essentials the plan derived from the "Report on the International Control of Atomic Energy" which had been prepared by a five-man Board of Consultants headed by David E. Lilienthal, working with a special State Department committee. This so-called Acheson-Lilienthal report, when released on March 16, was officially described as "not a final plan, but a place to begin, a foundation on which to build." Because the development of atomic energy for bombs and for peaceful purposes was so interdependent, it held, merely to outlaw the atomic bomb would be insufficient. Nor would an inspection system alone provide the necessary control. Enforcement had first to be reduced to manageable proportions. By proposing the creation of an International Atomic Development Authority, the report tried to avoid a wholly negative or "police-like" solution and to deal with the dual problem of maintaining security and promoting the beneficial use of atomic energy. It noted that fissionable materials could be denatured, leaving them useful for peaceful purposes but requiring considerable time, skill and equipment to make them suitable for bomb manufacture. Between dangerous and safe activities the report drew a sharp distinction on which it based its concrete proposals. The former were of three types: (1) those connected with the raw materials, uranium and thorium; (2) the construction and operation of production plants; (3) research in atomic explosives. These would be the exclusive province of the Atomic Development Authority. It would completely control world supplies and mining operations of uranium and thorium. It would have its own stockpiles of fissionable materials which it would sell in denatured form for commercial use. Only other, "safe," activities would be permitted individuals and national governments, and

these would be subject to a licensing and inspection system established by the Authority.

This division between safe and dangerous activities, said the report, would tend to simplify and make workable an inspection system. There would be no need to determine the motives behind dangerous activities; if they were carried on in any way except under the Authority, they would be illegal. The essential safeguard for the security of individual nations would lie in what the report called the "strategic geographic" dispersion of plants, facilities and stockpiles. It was recognized that the Authority could not hope to defend its plants by force against the military power of a state in which they were situated. In the event of seizure, other countries should have similar facilities and materials within their own boundaries, so that they would not be put at a disadvantage. The report envisaged a transition period during which information should be disclosed and facilities transferred to the Authority by agreed stages. Finally, when the system of control was firmly established, manufacture of atomic bombs would be forbidden and existing stocks destroyed. Throughout the transition period the United States would thus remain in a favored position.

Embodying these points, the plan which Baruch presented orally to the Atomic Energy Commission on June 14 specified that "the Authority should set up a thorough plan for control of the field of atomic energy through various forms of ownership, dominion, licenses, operation, inspection, research and management by competent personnel." The Authority, as one of its first tasks, should "obtain and maintain complete and accurate information on world supplies of uranium and thorium and . . . bring them under its dominion." In three respects the Baruch plan went beyond the Acheson-Lilienthal report to discuss enforcement and the broader implications of the control of atomic energy. First, Baruch was emphatic in regard to the need for "immediate, swift and sure punishment" for violators of the system of international control. Such violation would constitute an international crime. He cited the Nuremberg trials as providing a precedent for the United Nations to punish individuals

as well as nations. Second, he asserted that "there must be no veto to protect those who violate their solemn agreements not to develop or use atomic energy for destructive purposes." The United States was not attacking the power of veto in the Security Council. It desired, perhaps inconsistently, to make an exception in regard to atomic matters; for this it wanted a fool-proof system of enforcement. Third, Baruch related the problem of atomic energy control to the more general question of disarmament. If a country were to give up its weapons, he pointed out, it would need a guarantee not only against atomic attack but "perhaps—why not?—against war itself; in the elimination of war lies our solution . . . If we succeed in finding a suitable way to control atomic weapons it is reasonable to hope that we may also preclude the use of weapons adaptable to mass destruction."

In offering his plan to the Atomic Energy Commission Baruch described it as an outline for discussion.³ The Soviet counter-proposals revealed a wide gap for the discussion to bridge. They envisaged the early conclusion of an international convention prohibiting the manufacture and use of atomic weapons. It would become effective when approved by the Security Council and ratified by half of the signatory states. The provisions of the American plan regarding safeguards and enforcement were conspicuously absent. Diverging sharply from the Baruch plan with its emphasis on pre-arranged stages, the Soviets presented a draft convention which required the destruction of all atomic weapons within a period of three months from the day on which it entered into force. The Russians, not having the bomb, saw every advantage in the earliest possible levelling of inequalities between the American atomic position and their own.

In the Soviet proposals the Americans found not only what seemed to be an unwarranted insistence on the sacrifice by the United States of its temporary advantage in atomic armament without any compensating safeguards, but also wholly inadequate provision for penalties. The Russians proposed the estab-

³ The American plan was elaborated in three subsequent memoranda, presented on July 2, 5, and 12, 1946.

lishment of two auxiliary committees of the Atomic Energy Commission. One would make recommendations on organizing the exchange of information on scientific discoveries and technological processes, the organization and methods of industrial production of atomic energy, and the sources and location of raw materials. The other would be concerned with drafting international agreements outlawing atomic weapons, finding and developing methods of prohibiting atomic weapons, controlling atomic energy, and establishing a system of sanctions against its unlawful use. The Soviet draft treaty had no provision for automatic sanctions in case of violation. Enforcement, in the Soviet view, must be through the Security Council.

In a subsequent statement, on July 24, Gromyko denied the American contention (in Memorandum No. 3, July 12) that existing organs of the United Nations were not empowered to deal with the control of atomic energy. He held that the Security Council had full power to do so. In regard to voting procedure, he wished again "to make clear the position of the Soviet Union that we cannot accept any purpose that would undermine the principle of the unanimity of the permanent members of the Security Council in the maintenance of peace and security." Violation of the convention, according to the Soviet plan, would be "a most serious international crime against humanity." But there was no provision for punishment by an international authority of individual violators, individuals or nations, of the atomic control system. The parties would be simply obligated to "pass legislation providing severe penalties for violators."

Of the members of the Atomic Energy Commission only Lange of Poland supported the Soviet position. The others accepted the principles of the Baruch plan at least as a basis for discussion. Some professed to believe that the Soviet and American plans were not irreconcilable. Evatt maintained that Gromyko's proposals "did not give sufficient recognition to the essential interrelation between all the various parts of the one great problem." But even Evatt, the most outspoken foe of the veto, was less intransigent than Baruch. He suggested creation

of an international atomic control agency, either inside or outside the United Nations, with no veto; but action to punish serious violations or aggressive acts would remain the exclusive province of the Security Council.

In subsequent discussions the United States conceded that any threat to peace, breach of the peace or act of aggression should be brought by the Atomic Development Authority to the attention of the Security Council, which would have full jurisdiction over serious violations of the atomic energy control system. But Baruch reiterated his insistence that the five permanent members of the Security Council should surrender their veto power on atomic energy matters. Gromyko did not budge from the original Soviet plan, asserting that the Security Council should be the sole international authority to control atomic energy and that the great-power veto must not be undermined. He also rejected the American proposals for international inspection of atomic energy developments. Despite the statement of Philip Noel-Baker in the British House of Commons on August 2 that the British Government accepted both the United States and Soviet plans and believed that they could and should be fused, the closing of the breach between the two appeared no closer than it had in June.

The first sign of possible agreement appeared on September 26 when the Commission's Scientific and Technical Committee unanimously approved a detailed report on the technological feasibility of atomic energy control. A second committee, bringing together both scientific and political representatives, then inaugurated a study of the practical problems of control. The main political issues, on which the Commission had made no headway toward agreement, remained. On November 13, on the initiative of the delegate of Egypt, which with Mexico and the Netherlands would not be represented on the Commission or on the Security Council after the end of the year, the Commission decided to report to the Security Council by December 31 on its proceedings, findings and recommendations, even if the report must be in the form of a statement of disagreement.

Then suddenly the picture changed as a result of the discus-

sions in the General Assembly culminating in the general resolution on disarmament adopted by the Assembly on December 14. Stalin gave some indication of a shift in the Soviet position when, in October, he publicly supported the principle of a strong system of control, with swift and sure punishment of violators.⁴ Though Molotov, in his opening speech of the General Assembly, rejected the American plan, in later discussions he made several unexpected concessions. He agreed that there should be international inspection, and that in the day-to-day operations of the inspecting authority there would be no veto. The Atomic Energy Commission was thus able to put into its report something more than two diametrically opposed propositions. However, the crucial point of the veto on punishment remained. Here Gen. McNaughton of Canada, like Gromyko, pointed to the incompatibility between the Baruch plan and the disarmament resolution. The resolution urged the Security Council to work out a program of disarmament, covering atomic weapons as well as others, but made no mention of eliminating the veto. Canada favored a series of amendments to bring the Commission's report into line with the December 14 resolution. Abolition of the veto, McNaughton argued, was both premature and academic; serious violations of the control system would inevitably lead to war regardless of arrangements on voting procedure.

The United States was unwilling to compromise on this point. Baruch stated bluntly that the American plan must be accepted, or else no plan would be accepted. American cooperation with the United Nations depended on it. Faced with this unbending attitude, Canada joined nine other nations in voting for the report embodying the American proposals. Gromyko, objecting, stressed at length the report's non-conformity with the Charter and with the resolution of December 14. But Russia and Poland did not vote against it; they abstained. On December 31 the Atomic Energy Commission submitted its First Report to the Security Council.

⁴ Statement in answer to questions put by Hugh Baillie, president of the United Press (*New York Times*, October 18, 1946).

2. Armed Forces for the United Nations

When plans for a world security organization were discussed during the war, the idea of an "international police force" was often put forward. That such a force should be created as a substitute for national armies and navies was never seriously considered by the major Allied powers. They were, however, willing to advance beyond Article 16 of the Covenant of the League of Nations with its provision that the Council should recommend to member states what armed forces they should contribute against an aggressor. They were prepared, as the Dumbarton Oaks Proposals indicated, to give the proposed Security Council power "to take such action by air, naval or land forces as may be necessary to maintain or restore international peace and security." Special agreements would be concluded whereby member states would make available to the Council, on its call, the necessary armed forces. Air force contingents should be "held immediately available . . . for combined international enforcement action." Thus there would be no standing international army or "police force." The purpose was to enable the Security Council to call such a force into being whenever the time for enforcement action should arrive.

The United Nations Charter embodied these provisions without substantial change. Article 43 contained the promise to make available to the Security Council, on its call, "armed forces, facilities and assistance." Article 45 specified the obligation to hold immediately available national air force contingents. The number and types of the armed forces, and their location and degree of readiness, were left to agreements to be negotiated as soon as possible—on the initiative of the Security Council and with the assistance of the Military Staff Committee—between the Council and the member states. The Military Staff Committee, composed of the Chiefs of Staff of the five permanent members of the Council, would help the Council in dealing with such matters as the military requirements for the maintenance of peace, the strategic direction of armed forces

placed at its disposal, and the international regulation of armaments.

The Military Staff Committee was called into being by the Security Council in London in February 1946, then moved with the Council to New York where, as its first task, it was requested to examine the provisions of Article 43 of the Charter. On the suggestion of the U.S. representatives,⁵ the Committee decided to begin by considering the basic principles on which the United Nations armed forces should be organized. Unlike the meetings of the Atomic Energy Commission, which displayed to the world the lack of mutual trust among the great powers, those of the Military Staff Committee were secret. But secrecy was no guarantee of harmony or of positive action of any kind. Although four of the five member states submitted their views on basic principles early in April,⁶ the Soviet Union withheld a statement of its views until September. Only then could the Committee go ahead with its discussions on the size and composition of the forces to be supplied. It was also trying to work out a standard form of agreement to be used in negotiations between the Security Council and members of the United Nations.

In his address of welcome to the General Assembly on October 23, 1946, President Truman stated that the United States would press for the conclusion of the necessary military agreements in order that the Security Council might have at its disposal "peace forces adequate to prevent acts of aggression." Later references to the work of the Military Staff Committee reflected growing impatience with its failure to make a report. The President's first annual report to Congress on the work of the United Nations in 1946 called the work disappointingly slow. Sir Alexander Cadogan indulged in much

⁵ The U.S. representatives were Gen. George C. Kenney (later replaced by Lt. Gen. H. L. George and Gen. Joseph T. McNarney), Lt. Gen. Matthew B. Ridgeway, and Admiral Richmond K. Turner.

⁶ These statements were not made public. According to press reports, the American suggestions envisaged not just a token force but one with real power. The Americans expected that the U.S. and British contributions would be largely in air and sea power, the Russian and French in ground forces (see *New York Times*, March 2, 26, 28, 1946).

more pointed criticism in the Security Council meeting of February 12, 1947. Ascribing to the Soviet Union the major share of blame for the delay, he proposed that the Committee be required to report by April 30 on the basic principles which should govern the organization of the United Nations armed forces. With the Soviet and Polish delegates abstaining, the proposal was accepted as an amendment to the resolution on disarmament adopted on February 13.

The Military Staff Committee had begun to issue monthly communiqués, announcing successively that it had agreed on a draft of the principles governing the purpose of the armed forces to be made available to the Security Council, had concluded deliberations on the principles governing the composition and employment of such forces, and was studying the question of their strength. The Staff Committee's report, submitted on April 30, 1947, was replete with "proposals of individual Delegations on which unanimous decision has not been achieved." The agreed articles, most of which were little more than paraphrases of corresponding articles of the Charter, included the recommendation that the major portion of the armed forces made available to the Security Council should be contributed by the five permanent members. One of the main items of disagreement concerned the character of those contributions. The Soviet Delegation insisted on the "principle of equality," with each member making the same contribution in land, sea and air forces. The other four recommended "comparable" contributions, "in view of the differences in size and composition of national forces of each Permanent Member." In the Soviet proposals on this and other unagreed points throughout the report, the Soviet fear that the proposed international police force might somehow become an instrument in the hands of the western powers was apparent. The report showed two things clearly: that there was no immediate prospect of agreement on United Nations security forces and that such forces, if ever brought into being, would be comparatively small. "The moral weight and potential power behind any decision to employ the Armed Forces . . .," read one of the

articles, "will be very great, and this fact will directly influence the size of the Armed Forces required." The proposed "international army" would be able to coerce a small nation. It was scarcely intended that it would take punitive action against one of the permanent members, whose disputes were the greatest source of danger to world security.

The French Representative on the Security Council, in urging speed, pointed out the need of establishing the system of security backed by force which the Charter envisaged; without it, he said, it was impossible to conceive of general disarmament. All the powers, however, including France, knew that the establishment of a sense of security in the world sufficient to induce nations to disarm depended not on the naming of contingents to be made available to the United Nations but on a settlement of major differences among the great powers themselves. Under the Charter, until the arrangements contemplated for the combined force should be completed, responsibility for the maintenance of peace and security rested with the five great powers. With the three strongest divided among themselves and the other two weakened by internal troubles, these five could scarcely be expected to establish an effective security system, whether or not the agreements contemplated in Article 43 of the Charter came into effect.

3. The Proposed Troop Census

The Soviet representative on the Security Council, on August 29, 1946, asked that the members of the United Nations report to the Council the number and location of their armed forces stationed in foreign countries other than former enemy states. Referring first in general terms to Chapter VII of the Charter and later, when questioned, to Articles 34 and 35, he charged that the American troops in China, Iceland and Latin America, and the British troops in Egypt, Iraq, Greece and Indonesia aroused international uneasiness and concern. His statement was attacked by Cadogan of the United Kingdom as "a piece of pure propaganda . . . another typical political manoeuvre." Herschel

Johnson, the acting U.S. Representative, said that its real purpose was "to lower the prestige of the Council."

This attack on the Soviet Government's motives may have been justified. The legal argument that the proposal was not properly raised under the Charter seemed sound. Nevertheless, as a political matter, there was something to be said for it. The United States was already on record as in favor of the withdrawal of Allied troops from other countries, except Germany and Japan, as rapidly as possible. Byrnes had recently made a proposal for the reduction of Allied forces in Austria. In the light of previous pronouncements, the American decision to oppose even placing the Soviet proposal on the agenda was more abruptly negative than might have been expected. The fact that the large Soviet forces in the Balkans, in ex-enemy states under armistice regimes, would not come within the proposed census, while the smaller Allied forces in Greece, Iceland and elsewhere would, branded the proposal in American eyes as an attempt not only to get precise information on troop dispositions, without giving any in return, but also to embarrass the western powers by the charge that they were dominating smaller nations. That the issue was raised during the propaganda battle currently in progress at the Paris Conference was another factor which influenced the sharp American reaction.

Five other members of the Security Council agreed with the United States and Great Britain that the Soviet proposal should not go on the agenda. Russia and Poland voted against the majority; France and Egypt abstained. The French, apparently, were not anxious to align themselves with any bloc. The Egyptians, involved in negotiations with the British for the evacuation of Egypt, were openly sympathetic to the resolution and went on record with a statement that if their negotiations with Britain failed, they would bring the matter to the attention of the Security Council.

Molotov, resurrecting the proposal in his speech of October 29 to the General Assembly, linked it with Article 43 and the deliberations of the Military Staff Committee. He maintained

that the Committee had to know where and in what strength armed forces of the United Nations were stationed abroad if it was to study the question of the forces which the United Nations should place at the Security Council's disposal. There was perhaps even less justification for this argument than for the previous attempt to base the proposal on Articles 34 and 35 of the Charter. It introduced confusion into the subsequent discussion and weakened the Soviet position. The argument could be made that the Assembly, quite apart from Article 43 and the Military Staff Committee, had a legitimate interest in such developments as the role of American forces in the Chinese civil war and that of the British in Greece and Indonesia. Molotov, in any event, saw that there was still political capital to be derived from the troop census idea, no matter on what grounds it was raised. At the same time it was unavoidable that it would be considered less on its merits than as an aspect of Soviet diplomatic strategy. Warren R. Austin, in his reply to Molotov the following day, abandoned the negative position the United States had taken in the Security Council. A troop census would be acceptable, he said, if it also included forces in enemy countries and on home territory. That would bring the proposition closer to the purpose of Article 43.

In the Political Committee of the General Assembly, Molotov reaffirmed his position. The presence of American and British troops in Allied countries could no longer be justified, he said, either as a war measure or as necessary to maintain communication lines to occupied ex-enemy states. They were a threat to the independence of the countries they occupied. Soviet troops, he pointed out, had been withdrawn from Czechoslovakia, Yugoslavia and Norway by the end of 1945, and from the Danish island of Bornholm, from China and from Iran in 1946; the military units still in Poland and North Korea caused no misunderstanding. Molotov said he was willing to go along with Austin's suggestion that information on Allied forces in former enemy countries also be included in the proposed report to the Security Council. The number of armed forces of each member state within its own territory he dis-

missed as irrelevant; it would arise later when the general reduction of armaments was discussed.

The British and American delegates then tried to turn the Soviet proposal to their own advantage by broadening it still further beyond its original scope. Beside insisting that the census include forces at home, where the greater part of the Soviet army was stationed, they asked that it be extended to take in all uniformed personnel on active service, including both armed forces and military-type organizations. The British proposed a United Nations system of control to verify the information furnished on troops. Bevin suggested that the proposed troop census be considered in relation to the broader issue of general disarmament. The Russians, for their part, took the opportunity to propose their own extension of the resolution, so that it would call for information not only on troops but on armaments. Thus they were asking that they be made a present of the atomic bomb.

Since the western powers had the necessary votes, the resolution finally adopted by the Committee, 34 to 7,⁷ included their amendments, except the reference to inspection, which the United States opposed on the ground that it would cause delay, and omitted the reference to armaments proposed by the Soviets. The required information, descriptive of the situation as of December 15, 1946, was to be supplied to the Secretary-General by January 1, 1947.

In the plenary session of the General Assembly the debate was renewed. Sir Hartley Shawcross for the United Kingdom revived the demand for international control by inspection and verification. It would not delay receipt of the information, he argued, because it would follow rather than precede its submission. Molotov, in turn, launched another attack on the inclusion of home troops in the census and on the exclusion of armaments. The U.S. Delegation opposed both of the proposed amendments. Connally discounted the importance of verification on the grounds that the information received could only

⁷ The seven consisted of the Slav bloc and India. France, Sweden, Turkey and Afghanistan abstained.

be temporary. As to the Soviet proposal, he urged that the armaments issue be saved for "a resolution relating to the general question of disarmament, which will include all the information that Mr. Vyshinsky wants and a great deal that he doesn't want."

For one dramatic moment it appeared that Shawcross and Molotov, with Connally remaining silent, would reach an agreement on the inclusion, on the one hand, of an international system of supervision, and on the other, of information on armaments, although Molotov could not accept the British stipulation that the international supervisory commission not be subject to the veto. All the same, the United Kingdom and the Soviet Union announced their agreement in principle, and it was in an atmosphere of high optimism that the Soviet and British amendments were referred for resolution to the Political Committee's subcommittee on disarmament.

In the subcommittee it emerged that the United Kingdom and the Soviet Union were not really in agreement. In any case, the United States had some very real reservations concerning the points on which, supposedly, they had agreed. What came back from the subcommittee was not easily recognizable as the proposal that had been submitted to it. The subcommittee reported that, in the draft resolution on disarmament concurrently under discussion, it had dealt with the problems raised by the troop census in a far more complete form. Instead of asking simply that information on troops be submitted, the relevant paragraph of the disarmament resolution recommended the progressive and balanced withdrawal of occupation forces from former enemy territories, the immediate withdrawal of those in territories of members of the United Nations unless a published treaty authorized their continued presence, and a general, progressive and balanced reduction of national armed forces. The troop census, the heart of the original proposal, had fallen by the wayside. There remained only a separate resolution, proposed by Spaak, President of the General Assembly, that the Assembly call on the Security Council "to determine as soon as possible the information which the States members should be

called upon to furnish, in order to give effect to this [disarmament] resolution.”⁸ The vote in the General Assembly was overwhelmingly in favor of this retreat from the original proposal. Four of the five great powers joined with thirty-two other nations to support it. The Soviet Union was joined in its opposition only by the Ukraine, Byelorussia, Yugoslavia, Poland and Norway.

4. Soviet Disarmament Proposals

In his first speech to the General Assembly on October 29, Molotov introduced a resolution calling for a general reduction of armaments, with its “primary object” the prohibition of the production and use of atomic energy for military purposes. This task, according to the resolution, was necessary to peace and international security and would release the peoples of the world from “the heavy economic burden caused by the excessive expenditure on armaments which do not correspond to peaceful postwar conditions.” Coming at a time when relations between the U.S.R.R. and the western powers were at their worst since 1941, when there was open talk of the possibility of a third world war, the Soviet proposal was a genuine surprise to most of the assembled delegates. It set off a spirited debate, which was soon complicated by the introduction of related issues such as the troop census, atomic energy control, and the provision of armed forces for use by the Security Council.

The initiative for the international control of atomic energy had come from the power which held a temporary monopoly over it, the United States. It was appropriate, said former Senator Austin in addressing the Assembly the day after Molotov spoke, that a proposal for the general reduction of armaments should be sponsored by the Soviet Union, a state with “mighty

*In his only appearance before this session of the General Assembly, on Dec. 13, 1946, Byrnes gave the following figures of U.S. troop strength in non-enemy countries: 96,000 in the Philippines (including 17,000 Philippine scouts), 19,000 in China, 1,500 in Panama (outside the Canal Zone), 600 in Iceland, 300 in the Azores. He gave no figure for Korea. The total forces abroad, mainly in Germany and Japan, were “less than 550,000.” (*Journal of United Nations*, No. 62, Supplement A—A/P.V./62, 643-644.)

armies." The United States, he pointed out, had been in the forefront of disarmament efforts for twenty years before the war. He then indicated that some lessons had been learned since then. This country would not repeat the mistake of disarming unilaterally. Also, it saw the need of effective safeguards such as inspection, to protect complying states against the hazards of violation and evasion.⁹ Moreover, Austin added, regulation of armaments had to be accompanied by positive acts to promote peaceful conditions; there could be no disarmament unless the Security Council had at its disposal armed forces adequate to prevent aggression.

The Soviet proposal was made at a time when the Atomic Energy Commission had reached a stalemate. In their efforts to advance their own ideas on atomic energy control, the Russians now shifted the stage of the controversy from the Commission to the General Assembly. Molotov, in presenting his disarmament resolution, denounced the American atomic energy proposals as designed to foster monopolistic possession of the bomb and as contrary to the Charter, and added a bitter personal attack on Baruch. He then called on the Assembly to adopt the same plan Gromyko had offered to the Atomic Energy Commission in June.

To take the lead in proposals for general disarmament was no novelty in Soviet policy. As in the period before the war, the Soviet leaders saw advantages in challenging the capitalist nations to disarm, though they were under no illusions that their proposals would be accepted. It was hard to avoid the conclusion that behind Molotov's draft resolution was the desire to obtain a prohibition on the production of atomic bombs, or at least to make things uncomfortable for the United States on that issue. The Soviets may well have overestimated the influence of Henry Wallace and others in the United States who were opposing the Baruch plan. As for armaments in general, any scheme for general reduction would, of course, work to

⁹ The American and Soviet positions on inspection were just the reverse of what they had been in the prewar disarmament discussions at Geneva (Allen W. Dulles, "Disarmament in the Atomic Age," *Foreign Affairs*, xxv, Jan. 1947, 204-216).

the relative advantage of the Soviet Union. The huge Soviet army, if demobilized, could be quickly reestablished and armed to the point where it could rapidly overrun Europe, while the western powers, with their more advanced technical requirements, could not easily restore their power once they had scrapped planes, warships, and atomic bombs. The United States, for its part, wanted to avoid at this time any pledges to take concrete measures of disarmament. The U.S. Government had not yet worked out its position on the question. Consequently, the delegation's efforts in the discussions which followed were devoted to avoiding specific commitments without opposing the general idea of the desirability of the eventual limitation and regulation of armaments.

Article 11 of the Charter gave the Assembly a clear mandate to "consider the principles governing disarmament and the regulation of armaments and to make recommendations with regard to such principles to the Members or to the Security Council or to both." Unquestionably, atomic energy control was intimately allied with disarmament, although delegates differed on which problem was the wider. The Atomic Energy Commission itself, according to the resolution which established it, was concerned with the elimination not only of atomic weapons but of "other weapons of mass destruction" as well. Would the work of the Atomic Energy Commission now be submerged in some general approach to disarmament which had no immediate prospect of producing concrete results? The answer of the United States was "No." The Americans argued that the Atomic Energy Commission already had before it an urgent problem and a variety of specific proposals designed to solve it. For this stand there was wide support from the nations outside the Soviet bloc; one delegate after another warned against allowing the disarmament discussion to interfere with the work of the Atomic Energy Commission.

With the Soviet resolution, the General Assembly fell heir to the two unresolved issues which had dogged the deliberations of the Atomic Energy Commission: international control and the veto. The Soviets would be satisfied with inter-

national conventions, to be carried out by the signatory states within their respective jurisdictions and with no change in the "unanimity principle" when it came to enforcement. The Americans and British insisted on effective safeguards by inspection and other means to protect complying states against violation and evasion. They also took up the line which, in the prewar discussions of disarmament, they had condemned the French for supporting so stubbornly: no disarmament without a foolproof system of international security. In concrete present-day terms that meant adequate control and enforcement measures unhampered by a great-power veto.

On November 28 the Soviet Delegation came forward with an unexpected statement of willingness to accept international control, against which Gromyko had inveighed uncompromisingly in the Atomic Energy Commission. Two special organs of inspection "within the framework of the Security Council" were proposed, one for the execution of decisions on the reduction of armaments, the other for those connected with the prohibition of the use of atomic energy for military purposes. The proposal was welcomed, but not accepted, by the western powers. They wanted to know what kind of control the Russians were talking about. And the problem of the veto still remained. Presumably any commission functioning under the Security Council would be subject to the unanimity rule. Did the Russians mean to supersede the Atomic Energy Commission, where the veto did not apply, with a body more to their liking? The Assembly mandate of January 24 establishing the Atomic Energy Commission seemed itself to be challenged.

Although the sincerity of the Soviet Government was not openly questioned, certainly there were grave doubts about Soviet readiness to open the Soviet Union to international inspection bodies with authority to snoop about wherever they wished. Not only did the natural desire to keep arms production secret militate against it. The whole character of the Soviet regime, of its relations with its own people and with the outside world, was based on the strictest control of information. Some of the other delegations, to smoke out what the Soviets

really did mean by their proposal, proceeded to suggest some changes and additions.

A French amendment stressed the connection between security and disarmament. Canada and Australia offered amendments urging the speedy negotiation of agreements under Article 43 of the Charter and completion of the work of the Atomic Energy Commission. They called for a treaty to regulate and reduce armaments and a permanent international commission of control. This commission would be established under the treaty, not under the Security Council. The United States, in the discussion of the Soviet resolution in the Political Committee, showed its special concern with making international control effective and with preserving the autonomy of the Atomic Energy Commission.

On December 4, Molotov agreed to give up his own resolution in favor of an American draft, submitted on November 30, which embodied some of these amendments in rather vague terms and did not specify what form the necessary "practical and effective" international control would take. He made only two reservations: (1) that the initiative on disarmament should come from the Security Council without waiting for the establishment of a separate system after a long process of treaty negotiations; (2) that the resolution should specifically include the two control commissions described in the Soviet draft. At the same time he made a concession that seemed more important than his reservations, a concession on use of the veto. The Security Council, functioning under the unanimity rule, would establish the control commissions. Once in existence, the latter would function under rules established for them by the Security Council. It was entirely wrong, Molotov remarked, to assert that any power would be able to hamper the work of the commissions by making use of the veto.

Within the space of a few days the Soviets had apparently given way both on inspection and, in a limited way, on the veto. On that hopeful note the Soviet disarmament resolution was shelved, and the members of the Assembly's subcommittee on disarmament began consideration of the American proposal.

5. The General Assembly's Resolution on Disarmament

On December 14, 1946, the General Assembly unanimously adopted a resolution entitled "Principles Governing the General Regulation and Reduction of Armaments." It was, in substance, the American proposal of November 30, dressed up and expanded by the subcommittee. Acceptance of its nine paragraphs was greeted with tempered optimism and self-congratulation by the delegates. The Assembly was on record, without a dissenting vote, as recognizing "the necessity of an early regulation and reduction of armaments and armed forces," as provided by Article 11 of the Charter.

The resolution took the form of a series of recommendations covering four main points. First was the general recommendation "that the Security Council give prompt consideration to formulating the practical measures, according to their priority, which are essential to provide for the general reduction of armaments and armed forces and to assure that such regulations and reductions of armaments and armed forces will be generally observed." All the members of the United Nations were called upon "to render every possible assistance to the Security Council and the Atomic Energy Commission in order to promote the establishment and maintenance of international peace and collective security with the least diversion for armaments of the world's human and economic resources."

Second, the resolution urged "the expeditious fulfillment by the Atomic Energy Commission of its terms of reference as set forth in the General Assembly Resolution of January 24, 1946," which created the Commission. It was expressly stipulated that "nothing herein contained shall alter or limit" that resolution. The Security Council was asked to facilitate the work of the Commission and to expedite the consideration of its reports. Furthermore, the Council was to "expedite consideration of a draft convention or conventions to include the prohibition of atomic and all other major weapons adaptable now and in the future to mass destruction, and the control of atomic energy to

the extent necessary to ensure its use only for peaceful purposes."

The third significant aspect of the resolution was the acceptance of international control. The Council was asked to give prompt consideration to the working out of proposals to provide "practical and effective safeguards by way of inspection and other means," in connection with the control of atomic energy and the general regulation and reduction of armaments. These safeguards were recognized by the resolution as essential "to protect complying States against the hazards of violations and evasions." Although the two commissions Molotov had proposed were not to be found in the final resolution, it recommended the establishment, "within the framework of the Security Council," of "an international system . . . operating through special organs, which organs shall derive their power and status from the convention or conventions under which they are established." Soviet willingness to waive the unanimity rule in the day-to-day activities of the control commissions was reflected in the provision that these "special organs" would function not under the Security Council but under the agreed upon rules of international treaties. Whether the veto would still apply in the case of punishment of violators of the treaties was not specified. The fact that the proposed international control and inspection system would operate within the framework of the Security Council seemed to imply a victory for the Soviet position. On this it diverged from the American proposals on atomic energy control which eliminated the veto from every level of activity.

The fourth main point embodied in the cloudy verbiage of the disarmament resolution was the proposition that the problem of security was closely connected with that of disarmament. Under this heading the Assembly took account of the slow progress of the Military Staff Committee and of the troop census proposal. In regard to the first it asked that the Security Council "accelerate as much as possible the placing at its disposal of the armed forces mentioned in Article 43 of the Charter." The troop census emerged in emasculated form as a

broad and general recommendation concerning the withdrawal of troops stationed abroad.¹⁰

On all of these points the General Assembly could do no more than recommend. It was up to the Security Council, which unanimously accepted the resolution on January 9, 1947, to determine whether the recommendations would be translated into action. Debate in the Council soon showed that opposing views had not been reconciled and that the resolution of December 14 could be quoted in support of both sides.

Gromyko's proposal that an eleven-member commission be appointed to draw up disarmament plans was countered by an American draft resolution giving priority to consideration of the Atomic Energy Commission's report. The United States, concentrating on blocking Soviet attempts to by-pass the work of the Commission and submerge its findings in the broader field of general disarmament, was for a while in the embarrassing position of appearing to oppose disarmament. On February 4 the United States finally agreed to discuss general disarmament and atomic energy control concurrently, but Austin took occasion to state "the well-settled, thoroughly considered opinion of the government of the United States . . . that the international control of atomic energy, including safeguards by way of inspection and other means, and effective provision for the collective enforcement of sanctions against violators, is fundamental to the establishment of international peace and security and to the regulation and reduction of other weapons." Three days later General Marshall, the new Secretary of State, reemphasized this position at his first press conference.

The Security Council agreed to accept the American position that the work of the Atomic Energy Commission must be completely separated from that of the disarmament commission, which would discuss only "conventional" armaments. On February 13, with Russia and Poland abstaining, the Council adopted a resolution implementing the General Assembly resolutions of December 14 on the general regulation and reduction of armaments and on information concerning the armed

¹⁰ See above, pp. 407-408.

forces of the United Nations. Following the language of those resolutions, the Council resolved to work out the practical measures for giving effect to them and to consider as soon as possible the report submitted by the Atomic Energy Commission. It also set up a Commission for Conventional Armaments. Composed of representatives of the members of the Security Council, the new Commission was instructed to submit to the Council, within three months, proposals "for the general regulation and reduction of armaments and armed forces and for practical and effective safeguards" in that connection. With this went the American-sponsored proviso: "Those matters which fall within the competence of the Atomic Energy Commission as determined by the General Assembly resolutions of January 24, 1946, and December 14, 1946, shall be excluded from the jurisdiction of the commission hereby established." Finally, the Security Council resolved to request the Military Staff Committee to submit "as soon as possible as a matter of urgency" the recommendations for which it had been asked.¹¹

When the Security Council got around to considering the report of the Atomic Energy Commission, on February 14, it was apparent that the differences between the Soviet Union and the United States remained wide. Gromyko reiterated his contention that the American proposals embodied in the report were "in conformity neither with the resolution of the General Assembly nor with the United Nations Charter." His remark that violators of an international ban on atomic weapons should be punished was called a "memorable statement" by Austin, but the twelve amendments to the Commission's report, which he introduced on February 17, showed that the Soviets had shifted only slightly, if at all, from their original position. Abruptly the Commission was brought back to where it had been in June 1946.

The essential points in the twelve Soviet proposals were that atomic weapons should be outlawed by international conven-

¹¹ As a first step, the Military Staff Committee was to report by April 30, 1947 on the basic principles which should govern the organization of the United Nations armed forces (see above, pp. 401-403).

tion prior to the establishment of any system of control, that the control system should be set up within the framework of the Security Council, and that the veto on punishment of violators should remain. The Soviet Government's conception of international inspection was seen to be quite restricted, and Gromyko rejected categorically the American plan to make research and the peaceful development of atomic energy functions of the proposed international authority. After a long and fruitless debate, the Security Council, on March 10, adopted a resolution referring the question back to the Atomic Energy Commission, which met nine days later for the first time since it had adopted its report on December 30, 1946. The Commission, after more debate, passed on its disagreements to working committees which would hold closed meetings. It made little difference in what body the question was discussed. The same men and the same points of view were present in each case. Unless some new approach were forthcoming, the prospect of agreement seemed as remote as ever.

The United States did not expect rapid progress toward an agreement on disarmament. Without a general political settlement with the U.S.S.R. and an agreement on atomic energy, without full assurance of adequate safeguards, it saw no possibility of a general reduction of armaments. The Soviet proposals and manoeuvres were regarded as attempts not to bring about international security but to better the relative power position of the Soviet Union. General Marshall, at his press conference of February 7, stated that the establishment of real security awaited the finding of solutions acceptable to the great powers of the tremendous issues posed by the peace settlement. It was difficult to see, he concluded, how any real disarmament, or even any substantial reduction of armaments, could take place until after those solutions had been found.

THE UNITED NATIONS IN A DIVIDED WORLD

1. *The Economic and Social Council*

The Council held its first session in London in January and February 1946, met again at Hunter College, New York, in May and June, and at Lake Success in September and October. Such matters as human rights, transportation, statistics, and economic reconstruction might have been expected to cause less controversy than the explosive political issues with which the Security Council had been dealing. Actually, most of the Economic and Social Council's sessions produced similar acrimonious discussions and accentuated the difference of views between the Soviet Union and the western world.

Much of the early work of the Council was organization. After setting up its own permanent commissions,¹ it undertook to establish a constitutional relationship with several already functioning international agencies: the International Labor Or-

¹Nine permanent commissions were established to deal with Human Rights, Transportation and Communications, Social Questions, Statistics, Economic and Employment Matters, Narcotic Drugs, Population, Fiscal Matters, and the Status of Women.

ganization, the Food and Agriculture Organization, the Provisional International Civil Aviation Organization, the World Health Organization, the International Bank and Fund, and the U.N. Educational, Scientific and Cultural Organization. It made arrangements for consultation with non-governmental organizations, such as the WFTU and the AFL, in accordance with the resolution passed by the General Assembly in February 1946. Of the substantive questions which came before the Council, the most important and the most controversial concerned refugees and economic reconstruction in Europe.

At the end of the war in Europe, the more than ten million displaced persons and refugees constituted a heavy burden on the Allied governments and a social and humanitarian problem of frightening proportions. Within six months, the Allied military authorities had repatriated the great majority of them. At the end of March 1946, some 1,675,000 in Europe, the Middle East and Africa were "receiving assistance from or being the concern of" UNRRA, the League of Nations High Commissioner for Refugees, the Inter-Governmental Committee on Refugees, and various Allied governments;² the greater part of these were in UNRRA camps in Germany. By July 1 repatriation had reduced the total to 984,000, the "hard core of non-repatriables" who for political and personal reasons did not want to return to their homelands. Only about 20 percent of these were Jews. Almost all the others were from eastern Europe: Russians, Ukrainians, Latvians, Lithuanians, Poles and Yugoslavs.

The Economic and Social Council took up the problem on February 16, 1946, at the point where the General Assembly had left off four days before.³ It established a twenty-nation Special Committee, whose deliberations during April and May in London, like the earlier debate in the General Assembly, were marked by disagreement between the eastern European countries of origin, which wanted to see the refugees repatri-

² United Nations Economic and Social Council, *Report of the Special Committee on Refugees and Displaced Persons* (E/REF/75, June 1, 1946), Chapter II, 2.

³ See above, p. 79.

ated, and the other states, which held that the United Nations must care for those who did not wish to return and must find some place for them to settle permanently. The committee did not resolve this disagreement. Its final report was split into majority and minority recommendations.

There were differences over how to define a "refugee" and a "displaced person," over what categories were entitled to international assistance, and over the constitution of the proposed International Refugee Organization. The majority report, representing the views of all the member states outside the eastern European bloc, included in the "refugee" category "persons outside [their] countries of nationality or former habitual residence who, as a result of the Second World War, [were] unable or unwilling to avail [themselves] of the protection of their country of nationality or former nationality." Nor would the western nations accept the thesis that the fact of political opposition to the government of his country of origin was sufficient to disqualify an individual from international aid. The eastern European governments, in turn, did not see why they should subsidize, through contributions to an international refugee organization, political opponents who refused to return home.

The Special Committee also considered resettlement possibilities. Several countries announced their willingness to receive refugees, but their offers did not add up to a solution of the immediate problem. Australia's immigration program could not go into effect for two years owing to transportation difficulties. New Zealand noted its opposition to group immigration. Statements by Latin American countries were more hopeful. Brazil was ready to receive 150,000 to 200,000; Colombia favored "a steady flow of immigrants concerned with the production of wealth"; the Dominican Republic said it would keep its doors open. The position of the United States had been set forth in the President's directive of December 22, 1945, to U.S. authorities to "take every possible measure to facilitate the immigration of displaced persons under the existing quota laws." The laws permitted the issuance of 3,900 visas each

month to natives of central and eastern Europe. The German quota made up two-thirds of this total, and American consulates in Germany had been reopened in order to facilitate the expected immigration. Despite these measures, only 6,213 refugees entered the United States in 1946.⁴

The Economic and Social Council took up the Special Committee's report in June at its second session. There the same old arguments were made, and the eastern European countries were again voted down. For the fourth time since January the Russians urged in vain that a fact-finding commission be sent to make an on-the-spot investigation of refugee camps. By the end of the session, however, the Council had established the outlines of the International Refugee Organization and had begun consideration of the financial side of the problem. Ultimately, at its third session, the Council approved a draft constitution and budget for the IRO and sent them, on October 3, to the General Assembly for approval, together with a proposal for the establishment of a preparatory commission which would function until the IRO came into being.

In response to a request from the General Assembly, the Economic and Social Council undertook what promised to be one of the most important of its tasks, a study of the reconstruction problems of countries devastated by the war. Its Temporary Subcommission on the Reconstruction of Devastated Areas, which made a first-hand study in eight European countries, presented a voluminous report on September 18, 1946. Giving a detailed picture of war devastation and of the progress of recovery to date, the report also made proposals for international action. Significantly, the recommendations dealt with the reconstruction of Europe as a whole, not of separate national compartments, which was to be guided and coordinated by an Economic Commission for Europe.

This report, with Soviet reservations, was forwarded by the Council to the General Assembly and to member governments. Devastated Russia was more concerned with international aid

⁴ Earl G. Harrison, "Immigration Policy of the United States," *Foreign Policy Reports*, XXIII, April 1, 1947, 19.

in immediate rehabilitation projects than in long-range plans for reconstructing the economy of Europe. The Soviet representatives called the proposal for an Economic Commission for Europe "premature." The program for rebuilding the economy of all Europe, east as well as west, under United Nations guidance, jibed neither with the current practices nor the probable future plans of the Soviet Union, which was building its own economic bloc in eastern Europe. Poland, surprisingly, did not join the Soviets in their reservations. With the United States and Britain, Poland was one of the original sponsors of the Economic Commission for Europe. This was a hopeful sign, as the coal and industrial products of Upper Silesia, now entirely under Polish control, were important to all Europe.

On another issue before the Economic and Social Council the east-west lines were more sharply drawn. A long-term regime for the Danube was then under discussion at the Paris Conference. The more immediate problem was that of opening the river to navigation as a means of transporting vital food and other supplies to the inhabitants of the Danube basin. It was a three-cornered problem involving the Danubian states and the two great powers which between them actually controlled the river from source to mouth, the United States (as occupying power in Germany and Austria) and the Soviet Union. For a year, since Truman brought it up at Potsdam. American representatives had argued for the principle of freedom of navigation on Europe's international waterways, particularly the Danube. The Soviets had already begun to assume control of Danubian navigation in Rumania and Hungary. They were trying to take over as a "German asset" the *Donaudampfschiffahrtsgesellschaft*, the Austrian company which in the past had handled much of the shipping on the river. The Americans wanted to get traffic started, but they wanted even more to block exclusive Soviet control. As chips in this argument, they held the Danubian vessels which the Nazis had taken with them when they retreated up the Danube valley into Austria and which belonged to Czechoslovakia, Hungary and Yugoslavia.

The Economic and Social Council entered the picture when the Czechs and Yugoslavs asked for their ships and barges. The United States refused to give them up, alleging that the matter was tied up with the general question of navigation on the river. It obtained a majority of votes for its proposal that a conference of interested states should be called to meet in Vienna not later than November 1, 1946, to discuss the resumption of international traffic on the Danube and to establish provisional regulations. The U.S.S.R., Czechoslovakia and Yugoslavia later notified the Secretary General that they could not take part in the conference, and it was never held. The United States, whose legal and moral position on the question had never been strong, then came to the conclusion that the dog-in-the-manger policy was producing little except ill-will. In November the vessels were ordered returned to their owners.

2. The Meeting of the General Assembly, September 1946

Scheduled for September 3, 1946, the New York meeting of the General Assembly was twice postponed, as the Paris Conference on the peace treaties went on and on. Secretary Byrnes and Senator Vandenberg feared that the United Nations, as an institution, might lose prestige as a result of this rather cavalier treatment. There were fifty-one United Nations, less than half of which were represented at Paris. The nations of Latin America, whom the United States had no wish to slight, might well be annoyed at the tendency to give continued precedence to European problems. However, the United States, having worked so hard to have the Paris Conference called, could not easily advocate winding it up before it had finished its job.

On October 23, the date finally set, the delegates to the General Assembly met at Flushing Meadow to hear President Truman deliver the opening address. Deploring the current talk of a third world war, he urged the United Nations to go forward to a peace based on the four freedoms. Differences in political philosophies or social systems, he said, should not be allowed to break the unity forged in the war. The United Na-

tions had already subscribed to the basic principles; now they must agree on a positive, constructive course of action.

That was a large order for the present session. It had on its agenda a miscellaneous group of items, many of which had already occasioned disagreement, and the delegates of twenty-one of the participating nations were fresh from Paris, where they had seen United Nations unity split down the middle by opposing political philosophies. On the agenda, besides organizational matters such as the filling of vacancies on the Security Council and the adoption of budgets for 1946 and 1947, were the question of the veto, post-UNRRA relief, refugees, the trusteeship agreements, an Indian complaint against racial discrimination in South Africa, the admission of new members, and the choice of a permanent site. To this list the Assembly soon added the Soviet disarmament and troop census proposals and the question of Spain, which Secretary General Lie, in his oral report, said would continue to be "a constant cause of mistrust and disagreement between the founders of the United Nations" as long as the Franco regime remained in power.

3. The United Nations and Spain

The Spain of General Franco, a relic of the days of Axis triumph which had not died with the Axis, had claimed the attention of the United Nations ever since the San Francisco Conference. The unanimous San Francisco resolution barring Spain from membership in the organization was duly reaffirmed by the Big Three at Potsdam and by the General Assembly at London in February 1946. The matter did not rest there. Some members of the United Nations felt that merely to keep a fascist state, established with the support of the Axis powers, outside the organized world community was not enough. By its mere existence, they contended, the Franco regime represented a challenge to the authority of the United Nations; therefore, measures should be taken against it. Other members regarded Spain as no menace to peace and thought intervention neither right nor necessary. All could agree to condemn fascism in Spain,

but they could not agree on how, and with what, to replace it.

The official position of the United States was that the Spanish people must be allowed to settle their own internal affairs. Intervention, it was held, would merely solidify Spanish opinion behind Franco. Britain, even under the Labor Government, was not inclined to favor sanctions of any kind against Franco. Both Washington and London felt that precipitate action would merely invite civil war and chaos in Spain and play into the hands of the extreme left. Spain's strategic location was not forgotten. The western powers had no desire to see a change which would place that country under Soviet influence. They had no confidence in the Spanish republican government-in-exile which had been set up in Mexico in 1945. The British preferred to go slow, encouraging an eventual peaceful transition from the Franco regime to something more respectable, such as a conservative monarchy. The United States favored a solution which would allow the Spanish people freely to choose their own government.

Pressure for stronger action came from the Soviet Union and from France. Franco had sent soldiers to fight against Russia. He was the self-proclaimed defender of western civilization against bolshevism. The attitude of the Soviet Government toward him was uncompromising, but it could not do much except denounce him and induce various eastern European states to break relations with him and recognize the government-in-exile. The attitude of the French Communists was the same as that of Russia. Their calls for action were strengthened by the indignation felt in France over Franco's brutal persecution of Socialists and Communists in Spain. The French Government, in December 1945, proposed joint action with Britain and the United States, and in February, 1946, suggested to those powers and to the U.S.S.R. that the Security Council take action. The first approach produced, on March 4, a tripartite declaration expressing hope for Franco's "peaceful withdrawal" and the establishment of an interim government which would give the Spanish people an opportunity freely to choose their leaders; but there was "no intention of interfering in the internal affairs

of Spain." Although the second approach met no encouragement in Washington or London and was dropped, the Security Council had to deal with the question anyway. Poland, on April 9, 1946, calling the situation in Spain not an internal affair but a danger to international peace and security, asked that the Council take appropriate action.

For the next few months the Security Council debated the question of Spain without reaching a final decision. Poland and Russia were not alone on this issue. France and Mexico both supported the Polish proposal that all the United Nations should break diplomatic relations with Spain; other members were anxious not to be put in the position of defending Franco. A subcommittee, after full study of the problem, concluded that, while the situation in Spain was no existing threat to the peace, its continuance was in fact "likely to endanger the maintenance of international peace."⁵ Its report recommended that the Security Council endorse the British-French-American declaration of March 4 and also propose to the General Assembly that, if Franco did not step down, it recommend to member states the severance of diplomatic relations with Spain.

This recommendation was a bit too strong for Great Britain and the United States. It was too weak to satisfy the Soviet Union, which wanted immediate action by the Security Council instead of a recommendation to the General Assembly. A British amendment, eliminating the reference to severance of relations, received only the support of the Netherlands. Then the Council voted, nine to one, to accept the subcommittee's recommendations, but the one vote was the veto of the Soviet representative. Subsequent discussion in the Security Council led to no decision at all and was notable chiefly for the fact that the Soviet member exercised the veto on two further occasions. Spain remained on the Council's agenda, but nothing was done about it. Meanwhile, the question of Spain's access to the International Court and relations with various international agencies

⁵ *Report of the Sub-Committee on the Spanish Question appointed by the Security Council on 29 April 1946* (U.N. Document S/75, May 31, 1946). Australia, Brazil, China, France and Poland were represented on the subcommittee.

was causing difficulties. When the General Assembly, meeting in October 1946, showed a disposition to take up Lie's suggestion that it give the agencies and members of the United Nations "comprehensive guidance regarding their relationship with the Franco regime," the Security Council, on November 4, dropped the item from its agenda and placed all the records and documents at the disposal of the Assembly.

The Polish Delegation immediately put in a draft resolution by which the Assembly would recommend severance of diplomatic relations with Spain. Byelorussia followed with a proposal to cut off economic relations as well. The counter-proposal of the United States was a paraphrase of the three-power declaration of March 4. Under it, the General Assembly would express its conviction that it was in the interest of the Spanish people to have a government based on popular consent; and that to achieve that end Franco should surrender power to a broadly representative provisional government pledged to free elections. Action by the General Assembly "involving pressure," said Senator Connally in presenting the American proposal, would not achieve the desired goal of returning the Spanish government to the Spanish people.

Discussion in the Assembly's Political Committee revealed widespread sentiment on the part of the smaller nations for a bolder stand than the United States had taken. Many Latin American and western European states favored breaking diplomatic relations. Although the British and Americans managed to marshal enough votes to defeat the proposal for a break, the compromise finally adopted by the Assembly on December 12 recommended that member states recall their ambassadors and ministers from Madrid. It recommended also that the Spanish Government be barred from membership in international agencies established by or brought into relationship with the United Nations.⁶ Finally, if within a reasonable time Spain did not have a government based on the consent of the governed,

⁶ The Provisional International Civil Aviation Organization, of which Spain was a member, was brought into relationship with the United Nations at this session. On May 13, 1947, the permanent International Civil Aviation Organization voted to drop Spain from membership.

the Security Council should consider what measures should be taken to remedy the situation. Neither the United States nor the Soviet Union, for different reasons, liked this resolution, but both voted for it. They were agreed on one thing: that General Franco should not be allowed to draw comfort from divisions among the United Nations.

4. The Battle of the Veto

Probably no one aspect of the work of the United Nations in the first year of its existence came in for as much criticism as the great-power veto in the Security Council. Many of the smaller and middle powers which had fought its inclusion in the Charter felt that their fears had been justified by the abuse to which it had been put. The great powers had given them to understand, at San Francisco, that the veto would be used sparingly and only where vital interests demanded. One of those powers, the Soviet Union, had been anything but sparing. On eight occasions, its negative vote had blocked decisions favored by a majority of the Council, and it had sought to extend the veto power beyond what was intended at San Francisco. The specific issues in themselves were not of crucial importance. What caused concern was the evident loss of faith in the United Nations.

The states which had led the assault on the veto power at San Francisco came back for another try at New York in October 1946. A Cuban resolution proposed the convocation of a general conference to revise the Charter by eliminating the veto. The Philippine Republic suggested that the concurring votes of three, instead of all five, permanent members should be sufficient for a decision by the Security Council. Australia called for the abandonment of the unanimity rule except where enforcement action was involved.

These proposals had as little chance of success as their forerunners at San Francisco, if the five big powers stood together. They did stand together on the principle, but not on the practice. As relations with the western powers grew more difficult,

the Soviet Government felt increasingly justified in having insisted on the veto when the Charter was being drafted. The principle of great-power unanimity remained a condition of Soviet participation in the work of the United Nations. The veto was something to be used whenever one of the permanent members thought it necessary. The American and British governments, on the other hand, deplored what they regarded as abuse of the veto power and admitted the validity of the criticism, much of which came from their own constituents, that the Security Council could not do its job properly without some modification, either by law or in practice, of the voting procedure. But neither was ready to propose a change in the Charter so soon after its adoption. France and China took a similar view and tried to keep the question from developing into a controversy which might weaken what remained of the unity of the five permanent members.

Senator Connally informed the Political Committee on November 15 that the United States regarded the principle of unanimity of the great powers as essential, but was disturbed by the failure of the Council to agree on important issues. He expressed the hope that the great powers, by agreement, might in practice modify the unanimity rule in its application to the pacific settlement of disputes. Great Britain, which had always been less partial than the United States to the veto, had some specific suggestions along these lines. They included greater efforts to resolve differences before voting; agreement to use the veto only when the member so doing considered the question one of vital importance to the United Nations as a whole, and explained why; forbearance from vetoing a proposal merely because it was not considered adequate; agreement on the definition of a "dispute"; and provision that a permanent member could abstain from voting without vetoing a proposal.

Since the British knew that direct agreement among the big powers on such procedures would be more effective than an Assembly resolution not acceptable to Russia, Bevin presented the suggestions at a series of special "Big Five" meetings at the Waldorf-Astoria, where the Council of Foreign Ministers

was then in session. When those talks failed, Molotov holding firmly to the view that changes would weaken the principle of unanimity, the U.K. Delegation put its suggestions before the General Assembly, together with a statement that the United Kingdom intended to act in accordance with them.

From the discussion and voting which took place on the various resolutions submitted, it was evident that the great majority of the United Nations did not want to take the veto provision out of the Charter. Only a handful of Latin American states voted for the Cuban resolution to eliminate it. Even the idea, contained in an Australian proposal, of censuring the use and threatened use of the veto power in recent sessions of the Security Council as in keeping neither with the general purposes and principles of the Charter nor with the understanding of the San Francisco Conference, was rejected, though by a close vote. The final resolution, which the Assembly adopted on December 13, did not mention the specific reforms suggested by the British. It merely requested the permanent members to make every effort to ensure that the use of their special voting privilege did not impede the Security Council in reaching decisions, recommended to the Council the early adoption of procedures to reduce difficulties in the application of Article 27 (voting) and to ensure effective exercise of its functions, and asked the Council to take into consideration the views expressed in the Assembly.

This resolution, as the Canadian representative told the Assembly, was "couched in the traditional language of understatement." It clearly meant, he went on, "that we, the members of the Assembly, believe that the Security Council has yet to demonstrate that it is capable of doing the job the United Nations has a right to expect of it, and which is expected of it by the peoples of the world."⁷ The Soviet Delegation, which had proposed a resolution expressing confidence in the Security Council, did not like the implied criticism in the Assembly's

⁷ Department of External Affairs, Canada, *The United Nations, 1946, Report on the Second Part of the First Session of the General Assembly . . .* (Ottawa, 1947), 44.

resolution, against which the six negative votes cast were those of the Slav bloc. Even France and China, seeking neutral ground, abstained from voting.

Despite Soviet dissatisfaction with the final resolution, the second round of the battle of the veto was certainly a victory for the principle of unanimity. It emerged intact despite the volume of criticism against it. As long as the great powers, or any one of them, held to it, the veto would stand. Moreover, it could hardly be done away with in the absence of any practical alternative except the one-state-one-vote rule, as General Romulo of the Philippines pointed out in urging reconsideration of the entire voting procedure of the United Nations. The most that critics of the veto could reasonably hope for was that, if it could not be eliminated, it might gradually be worn down. Increased confidence among the permanent members was more likely than an Assembly resolution to bring about its modification in practice. The full expression of views in the Assembly, however, may not have been without effect. In meetings of the Security Council held shortly thereafter, the practice became established that abstention by a permanent member did not operate as a veto. This was one of the principal "suggestions" which the British had made during the course of the Assembly session.

Since there was little prospect that anything would be done about the veto, there was even less chance of a serious discussion of General Romulo's proposal for a world legislature with power to enforce its laws. His speech set forth the argument for limited world government which had won an increasing number of adherents in several countries, particularly the United States. In the atomic age, they held, national sovereignty was obsolete as a principle of world organization; only world government offered the possibility of averting atomic war. They saw no hope of peace in the United Nations, as organized under the Charter. To reach the desired goal, some wanted to abandon the United Nations experiment and organize a true federation; others, more practical, worked for a revision of the Charter.

The movement for world government had the adherence of some nationally known figures in the United States, such as former Supreme Court Justice Owen J. Roberts. Several state legislatures passed resolutions supporting it, and public opinion polls showed a surprising percentage in its favor. Official Washington, devoting its efforts to making the United Nations succeed, gave the movement no encouragement, for to push the idea of world government, even had it been favored by the U.S. Congress, could only have divided the world more sharply into conflicting blocs. The advocates of world government could afford to be vague about Russia's position. The State Department could not. It had to deal with the Soviet Union as it existed. The Soviet Government may have looked forward to an eventual world federation of Communist states, but current talk of world federation in capitalist countries it regarded as propaganda for an anti-Soviet coalition.

Of the three great powers, only Britain paid lip service to the ideal of world government. Bevin, on November 23, 1945, declared to Parliament that he was willing to sit down with the representatives of any other nation to devise "a constitution for a world assembly for a limited objective, the objective of peace." A year later Attlee, on November 12, 1946, stated that it was the policy of the British Government to work for world government. The fact remained that no practical steps could be taken toward its realization unless the United States and the Soviet Union shared that view. That the former would consent to give up its sovereignty to that extent was dubious. As to the attitude of the latter there was no doubt whatever. The Soviet Union remained absolutely averse to placing its security at the mercy of a majority vote in any elected world body.

5. Progress Toward a Trusteeship System

According to Article 77 of the Charter, the trusteeship system was to apply to territories of three categories which might be placed under it by trusteeship agreements. These categories were the former mandates, territories which might be detached

from enemy states, and territories voluntarily placed under the system. No colonial powers hastened to offer territories of the third category. In the second, the Italian colonies and some Japanese islands (in addition to the mandated islands) might eventually be placed under trusteeship, but action in each case had to await the territorial settlement. The General Assembly, when it met in the autumn of 1946, had only the former mandates to consider, and not all of them, for the British had produced no trusteeship agreement for Palestine, nor had South Africa submitted one for Southwest Africa, which it announced its desire to annex.

Since the Assembly had first met in London in January, eight trusteeship agreements had been drafted.⁸ Such agreements, according to the Charter, were to be concluded with "the states directly concerned." Which were these states? That was a question which had been given no answer since San Francisco. Great Britain had sent the draft agreements for its African mandates to Belgium, France and South Africa, all "African" powers and accordingly deemed to be "directly concerned"; the United States received copies for its information. The United States and the Soviet Union were not willing to accept the theory that direct concern was a matter of geography. The former pointed out that it was one of the Allied and Associated Powers, to which Germany had ceded those territories in 1919. The Soviet Government took the position that, as a permanent member of the Security Council, it was directly concerned with all trusteeship agreements. The question had found no solution by the time the Assembly met in October. The eight agreements were submitted as originally drafted by the mandatory states, modified in some respects as a result of negotiations through diplomatic channels. Several of the drafts had been revised and expanded to meet suggestions made by the United States.

The agreements had a similar pattern, with the following

⁸ By Great Britain for Tanganyika, British Togoland and Cameroons; by France for French Togoland and Cameroons; by Belgium for Ruanda-Urundi; by Australia for New Guinea; by New Zealand for Western Samoa.

main points: (1) the former mandatory state would become the Administering Authority; (2) it would have full legislative, executive and judicial power over the trust territory and could govern it as an integral part of its own territory; (3) it would be entitled to establish military bases in the trust territory and make use of volunteer native forces, in order to ensure that the territory should play its part in the maintenance of international peace and security; (4) it would assure to the inhabitants a progressively increasing share in government; (5) it would respect native rights and interests; (6) it would assure economic equality to all the United Nations; (7) it would make an annual report to the General Assembly.

These agreements did not have smooth sailing when they came before the General Assembly's Trusteeship Committee in October. Nikolai Novikov, the Soviet spokesman, denounced them as contrary to the Charter. He said that the position reserved for the Administering Authority ignored the rights of the inhabitants to ultimate independence and amounted to veiled annexation. He called the provision for the establishment of military bases a step backward from the mandates system and a move intended to serve the interests of the administering countries instead of the cause of international peace; if bases were to be permitted, then the trust territories should be regarded as strategic areas and the trusteeship agreements should be subject to the approval of the Security Council. Above all, Novikov held, the term "states directly concerned" should be defined, and the agreements negotiated with those states. The Soviet Union, he said, claimed the right to be considered a state directly concerned with all trust territories even though it might not exercise that right in every case.

The Indian delegate, representing the new interim government headed by Nehru, made substantially the same objections. He went even further by proposing that the trusteeships be administered not by individual powers but by the United Nations organization itself, the solution which the United States had proposed for the Italian colonies. Both the U.S.S.R. and India sought the role of defender of the interests of dependent peo-

ples and were quick to denounce aspects of the draft agreements which looked like the old imperialism clothed in new phraseology. They had a good deal of support in the committee from smaller countries, especially from the Arab states. But they had against them the fact that the former mandatory powers controlled the territories in question and were in a position to reject suggested changes. If the draft agreements were not acceptable to those powers, then there might be no trusteeship system at all.

While the draft agreements merely expanded the provisions of the Charter and did not define the new trusteeship system, they gave a fairly good idea of its scope and its limitations. Their terms did not hold out much promise, from the standpoint of the dependent peoples, of a striking improvement over the mandates system. The United States, which was planning a similar trusteeship arrangement for the former Japanese mandated islands, was willing to accept the eight agreements, so that the system might be set up without further delay. John Foster Dulles, the U.S. representative, proposed that for these particular agreements the interested states waive formal classification as "states directly concerned" and agree to accept the decisions of the Assembly. Following this procedure, which appeared to the Soviet Union as an attempt to push it out of the trusteeship picture, the committee discussed and voted on the agreements. The Assembly, on December 13, approved them all by a large majority, each one receiving 41 affirmative votes and no more than 6 negative votes. The Soviet Union maintained to the end its position that the agreements violated the Charter.

Southwest Africa presented a special problem. Marshal Smuts made a strong plea for its annexation by the Union of South Africa, intimating that the territory would be annexed whether the United Nations liked it or not. He found few supporters outside the British family. The claim of the South African Government, which had lined up some tribal chiefs to support its contention that the native inhabitants of Southwest Africa desired annexation, was received with skepticism. The Assembly, by a vote of 37 to 0, with nine abstentions, concluded that the

inhabitants "had not yet . . . reached a stage of political development enabling them to express a considered opinion which the Assembly could recognize on such an important question as incorporation of their territory." It recommended that Southwest Africa be placed under the trusteeship system and invited the Union to draft a trusteeship agreement.

The Assembly's approval of the eight draft agreements made possible the organization of the Trusteeship Council, which was to be composed of the administering states, the permanent members of the Security Council, and other members elected for three-year terms by the General Assembly to make the number of non-administering states equal to those administering trust territories. The election of Mexico and Iraq on December 14 completed the membership. The Soviet Union was dissatisfied with the whole business and refused to participate in the election of the additional two members. Nor did a Soviet representative appear when the Trusteeship Council held its first meeting on March 27, 1947.

While the international debate on trusteeship was in progress at Lake Success, a decision was reached ending the domestic American struggle, or what the President's report called "long and diligent consideration by the State, War and Navy Departments,"⁹ concerning what to do with the mandated islands in the Pacific.¹⁰ The State Department obtained acceptance of the form of trusteeship; technically, there would be no "territorial aggrandizement." And the service departments won the substance of their demand for American control without outside interference. The draft agreement, which was made public on November 6, 1946, designated all the islands (Marshalls, Carolines and Marianas) as a strategic area trusteeship under Articles 82 and 83 of the Charter. The terms were roughly the same as those of the other eight agreements. The United States would have the right to establish bases and maintain troops in the territory. It would promote development toward self-gov-

⁹ *Report by the President to Congress on the Activities of the United Nations . . . 1946* (Washington, 1947), 74.

¹⁰ See above, pp. 81-83.

ernment, but could govern the territory as an integral part of the United States. Since it was to be a strategic area, certain provisions of the Charter (annual reports, periodic visits, etc.) would be applicable, in areas specified as closed for security reasons, only to the extent allowed by the United States. As a strategic area trusteeship, approval of the agreement would come from the Security Council, not from the General Assembly. There was a general impression that, if the Council did not approve the agreement, the United States would retain the islands, then under military government, by right of conquest.

Objections to the American draft were voiced by Great Britain, Australia and the U.S.S.R. They suggested that the matter should be deferred until the peace settlement with Japan. It was true that the United States had no legal title to the islands and could be charged with trying to make its own position secure before the general settlement was made in the Far East. The Russians, however, could not consistently press that argument, since they had taken over the Kuriles without even mentioning the word "trusteeship," and in fact they did not press it. Instead, in a surprise move, the Soviet Government informed the United States that it would support the American position, except in certain details, in view of the "incomparably greater sacrifices" of the United States, as compared to other powers, in the Pacific war.

When the matter came before the Security Council on February 27, 1947, Gromyko offered three amendments: (1) elimination of the reference to administering the area as an "integral part of the United States"; (2) the addition of "independence" to "self-government" in the list of objectives; and (3) provision for amendment or termination of the agreement by action of the Security Council, instead of "not without the consent of the administering authority." Austin accepted the first two but rejected the third. He then rejected British and Australian proposals to eliminate the preference reserved to Americans in commercial matters, a provision which was less liberal than the corresponding clauses of the other trusteeship agreements and was out of line with our own frequent insistence on equal

treatment. The reasons given by Austin were that this was a strategic area which had no important resources or trade. When Austin threatened to withdraw the agreement entirely, though proclaiming that he did not want to exercise the veto, the other powers saw the hopelessness of trying to alter terms upon which the United States insisted. The agreement was finally approved on April 2, 1947. The United Nations had, on paper, a new international trusteeship, and the U.S. Navy had its Pacific islands, to do with as it wished.

6. Accomplishments of the New York Meeting

When the General Assembly brought its First Session to an end in mid-December, it had some real accomplishments to its credit. Besides the resolutions on disarmament, Spain, the veto, trusteeship, and post-UNRRA relief, it had passed a flock of others. One recommended regional conferences of representatives of non-self-governing peoples.¹¹ Another rebuked the Union of South Africa for discrimination against Indians. A third made recommendations on meeting the world food shortage. The Assembly adopted, over the negative votes of the Soviet bloc, the proposed constitution of the International Refugee Organization. It approved agreements associating four specialized agencies (ILO, FAO, UNESCO, PICAQ) with the Economic and Social Council. It urged ratification by member governments of the constitution of the World Health Organization. It recommended the establishment of economic commissions for Europe and Asia.¹² It approved a new arrangement for

¹¹ A South Seas Conference was held at Canberra in January and February 1947, attended by representatives of Australia, New Zealand, France, the Netherlands, the United Kingdom and the United States. It resulted in the establishment of a South Pacific Commission similar to the Caribbean Commission formed in October 1946 by the U.K., the U.S.A., France and the Netherlands. The South Seas Conference was an outgrowth of the initiative of the Australian and New Zealand Governments and was not called in fulfillment of the General Assembly's resolution, since the dependent peoples themselves were not represented.

¹² These commissions were set up by the Economic and Social Council at its fourth session (February-March 1947). The Economic Commission for Europe held its first meeting at Geneva on May 2, 1947. Soviet representatives attended, despite the Soviet Government's previous attitude of reserve.

consultation with non-governmental organizations; the Soviet Delegation succeeded in marshalling a two-thirds vote for giving the WFTU the right to submit items for inclusion on the Economic and Social Council's agenda but was unsuccessful in blocking another resolution which extended the same right to the International Cooperative Alliance, the International Chamber of Commerce, and the American Federation of Labor.

Four new members were admitted to the United Nations: Afghanistan, Iceland, Sweden and Siam. Three had been neutral in the war, Siam an enemy state. By their admission the United Nations took a step in the transition from an association of wartime allies to a universal organization. Five other states had applied for membership: Albania, Outer Mongolia, Eire, Portugal and Transjordan. In the Security Council, whose function it was to recommend applicants to the Assembly, the latter three had been "blackballed" by the Soviet Union, the first two by the United States and Great Britain. The United States had been willing to recommend all nine together, but in default of agreement on that point, each application was voted on separately. Various reasons were given by the three powers for their respective positions. The principal reason, which was not mentioned, was that both the Soviet Union and the western powers were reluctant to vote for states which they regarded as puppets or clients of the other. At the General Assembly session, many states having registered dissatisfaction with the Security Council's handling of the applications, a resolution was passed requesting the Council to reexamine the applications on their merits in accordance with the Charter; another resolution proposed consultation between the Assembly and the Council to establish rules governing admissions.

Election of three new members to the Security Council took place without much controversy. Colombia, Syria and Belgium were elected for two-year terms to replace Mexico, Egypt and the Netherlands, thus preserving the existing geographic distribution. In the elections to fill six three-year vacancies on the Economic and Social Council, the United States, New Zealand, Venezuela and Lebanon were promptly chosen. A deadlock en-

sued over the two remaining seats, and from the course of the voting it appeared that the Soviet bloc, which was losing two members on the Council through the expiration of the terms of Yugoslavia and the Ukraine, might not get any of the six seats. After some offstage talks, Byelorussia was finally elected, as were both Turkey and the Netherlands, which had finished in a tie vote; Belgium magnanimously gave up its seat in order to let both be chosen.

Throughout its entire session the question of permanent headquarters continued to plague the Assembly. The delegates kept changing their minds. None of the proposed sites seemed free from objection for one reason or another. In accordance with the London resolution of the previous February, five sites in Westchester County, New York, had been recommended by a special committee, but enthusiasm for settling in the suburbs of New York was noticeably lacking as the delegates underwent the experience of commuting from the city to Flushing and Lake Success.

At an early stage in the session the United States, abandoning its previous "neutrality," announced its intention to take an active part in assisting the United Nations to reach a decision. The part which it took added to the confusion. After the Assembly voted to consider other sites outside Westchester, a committee, sent post-haste to visit Philadelphia, San Francisco and Boston, recommended a Philadelphia site and the Presidio at San Francisco as of equal merit. The U.S. Delegation, after seeming to favor San Francisco, announced its support of a site on the Atlantic seaboard; then finally, when the Assembly seemed ready to vote, without enthusiasm, for Philadelphia, Austin moved to postpone the decision until the next session, September 1947. At the last moment, John D. Rockefeller, Jr., in an effort to keep the United Nations in New York, unexpectedly offered \$8,500,000 to buy a six-block tract in Manhattan on the East River. There was an immediate rush to support the proposal. With near-unanimity the delegates decided that what they really wanted was a skyscraper world capital in Manhattan. The General Assembly, on December 14, accepted the

Rockefeller offer, with only Australia, El Salvador and the Arab states voting in the negative.

The New York meeting's accomplishments could not be measured solely in terms of the resolutions passed. Perhaps the most significant aspect of the meeting, attested by the marathon debates and the tons of documents, was the evidence that the Assembly had become a going concern. When it met in October, the atmosphere was one of deep pessimism. The disagreements of the great powers over the peace treaties led to the belief that the United Nations might break under the strain of their rivalry. Such fears were not confirmed. The split between east and west manifested itself on many an issue, but the participation of more than fifty nations in the discussions gave more room for manoeuvre and compromise than in a conference of four, or of twenty-one.

The interest which the American public took in the proceedings strengthened the hand of the President and State Department in basing our foreign policy, as far as possible, on the United Nations. American tactics at the New York session were directed not only to defending national interests but also to ensuring the success of the Assembly as a democratically functioning organization. Disciplined voting by blocs was not so evident as at the Paris Conference. Certainly there was no "Pan American bloc." The Latin American delegations were sometimes split and sometimes together, but they did not docilely follow the United States. The Assembly's decisions often reflected genuine compromise of many views and were not dictated by this or that great power. There were several occasions on which the Assembly seemed to speak for the conscience of the world, and the Soviet Union was not always in the minority on those occasions.

That the Soviet leaders took the Assembly seriously was apparent. Though the Council of Foreign Ministers was in session at the same time, Molotov and Vyshinsky appeared at Lake Success practically every day (Bevin attended the U.N. meetings a very few times and Byrnes only once). While there was no reason to believe that the Soviet Union had abandoned its basic

attitude toward the United Nations as a body through which the great powers would exercise their preponderant influence in world affairs, it seemed to have modified that attitude. The Russians took pains to defend their policies before world opinion and to win votes by persuasion, not merely by pressure. They were not unsuccessful in extending their influence beyond the confines of their own Slav bloc on such issues as disarmament, Spain, trusteeship, and non-discrimination. The Soviet methods of debate, which raised every issue, large or small, to the level of a duel between divergent systems, in which those who differed with the Soviet view were "fascists" or "warmongers," did not quite fit other nations' ideas of democratic international procedure, but their concept of "peaceful competition," expressed by Molotov in his opening address, was not inconsistent with further growth and consolidation of the United Nations. The results of the session certainly were far more than was expected when it began; they gave reason to hope that the General Assembly might really become, to use the phrase coined by Senator Vandenberg at San Francisco, "the town meeting of the world."

7. The UNESCO Conference

While the General Assembly was meeting in New York, Paris was the scene of the first General Conference of the United Nations Educational, Scientific and Cultural Organization. UNESCO's purpose, according to the preamble to its constitution, was to develop and increase the means of communication between peoples for mutual understanding. "Since wars begin in the minds of men, it is in the minds of men that the defenses of peace must be constructed . . ." The meeting at Paris laid out an ambitious, and in many ways controversial, program to achieve this aim.

UNESCO grew out of meetings held in London during the war by the ministers of education of the governments-in-exile. The plans for educational rehabilitation and intellectual cooperation soon were expanded into something of much broader

scope, far beyond that of the International Institute of Intellectual Cooperation, which had functioned under the League of Nations. The new program, as it developed at a preliminary conference in London in November 1945, and at Paris in November 1946, was not confined to such things as the exchange of students and professors. It included activities in all countries through the press, radio and other "mass media."¹³ According to its constitution, UNESCO could not "intervene in matters essentially within domestic jurisdiction," but this part of its program carried the threat of action over the heads of governments aimed directly at the peoples. Also, it raised issues inseparable from the political conflicts already apparent in the deliberations of the United Nations.

The United States was in the forefront of the campaign for the use of new technical devices in communications to spread information and culture throughout the world. These were the means by which we had waged "psychological warfare" against the Axis and which we now wished to use to foster what the preamble of the UNESCO constitution called "the intellectual and moral solidarity of mankind." The principal points of the American proposals made at Paris were the removal of barriers to communications and the establishment of a world-wide radio network. The State Department regarded UNESCO as complementary to, not a substitute for, its own foreign propaganda program which, if Congress were willing, it proposed to expand.

Other nations recognized the great advantage which the United States, with its resources and technical facilities, had over them in the field of mass media. They saw that the American proposals had commercial as well as political aspects. There was some concern over the prospect of inundation by "canned-culture dished out by Hollywood by the million-feet, the radio

¹³ The constitution provided that the member governments should associate non-governmental groups with the work of UNESCO, and recommended the formation of advisory "national commissions." The law which authorized U.S. participation in UNESCO (Public Law 565, 79th Congress, 2nd Session) included provision for such a body with 100 members, 60 nominated by national non-governmental organizations and 40 by the Secretary of State. The first National Conference called by this commission was held in Philadelphia in March, 1947.

voices speaking with the Voice of America, the fecund presses ready to pour out acres of print about the American Way of Life.”¹⁴ Nations represented at the Paris meeting saw all the more reason for an organized world program, to take the edge off competition between national cultures and ways of life, and as a means of finding a common cultural and intellectual basis for understanding among peoples. UNESCO’s initial program adopted at Paris included, in addition to plans to rehabilitate schools, museums and libraries, revise text-books and promote the exchange of students, the extension of the use of mass media, a survey of press, film and telecommunications facilities, the eventual establishment of a world-wide radio network, and the removal of barriers to the free flow of information.

Those who had founded UNESCO hoped it would be universal in scope. It was to build the conception of “one world” in men’s minds. The Soviet Union had not joined the organization. That it did not accept UNESCO’s “one world” became apparent when the Yugoslav observer at Paris, Vladislav Ribnikar, told the conference that its program seemed designed to impose on the world a philosophy, called “evolutionary humanism” by the Director, Julian Huxley, which rejected dialectical materialism and the national cultures of nations such as the Soviet Union and Yugoslavia. Apparently the Soviet leaders feared that UNESCO would be used as an instrument in a propaganda war against Communism. Unless the member nations, by persuasion or by the way in which they developed the new organization, could overcome those objections, there was every prospect that UNESCO would accentuate the division into two worlds with conflicting and competing ideologies.

¹⁴ “America and Europe,” *The New Statesman and Nation*, London, XXXII, December 28, 1946, 475-476.

CHAPTER THIRTEEN

COOPERATION FOR PEACE—COMPETITION FOR POWER

1. Final Agreement on Peace Treaties

AT THE close of the year 1946, the hopes of genuine cooperation among the powers for peace stood higher than they had a few months before. The accomplishments of the General Assembly session were not alone responsible for this change. The latter half of the year had not been marked only by diplomatic conflict among the Allies. The Nuremberg trial had been brought to a successful conclusion on October 1, with the conviction of 19 high Nazi leaders, the S.S., the Gestapo, and the Leadership Corps. Regardless of the legal aspects of the proceedings—they were subjected to considerable criticism in the United States as *ex post facto* and an abuse of the judicial process to cloak the will of the victors—the trial was one of the infrequent and encouraging examples, since the end of the war, of joint action by the major Allied powers in the cause of future peace. The Nuremberg judgment was not merely a condemnation of German aggression. It was an attempt to establish the general rule that planning and waging aggressive war, by individuals or by nations, is an international crime; and this rule would apply in the future to Germans, Russians, Americans, or anyone else.

Further encouragement for the idea of a peaceful world community, based on law, had resulted from the acceptance by the great majority of the United Nations of the compulsory jurisdiction of the new International Court of Justice. On August 2, 1946, the United States Senate had voted, 60 to 2, to accept it save for matters under domestic jurisdiction, in striking contrast to the vote of 1935 by which American participation in the World Court, even without compulsory jurisdiction, had failed to get the necessary two-thirds majority. The two dissenting

votes were cast by Senators Langer and Shipstead, who had also been the only ones to vote against ratification of the United Nations Charter.

Another symptom of relaxing tension at the end of the year was the collapse of the Soviet-sponsored regime in Iranian Azerbaijan in December, and the failure of the Soviet Union to oppose the reassertion of the central Iranian Government's authority in that province. The puppet leaders fled when government troops marched in to oversee the planned national elections. Apparently the "autonomous" regime had become so unpopular that, to save it, the Soviets would have had to take strong action, risking another crisis with the western powers. Their decision to accept a diplomatic defeat and the accompanying loss of prestige throughout the Middle East was a contribution, whether intended as such or not, to better relations among the great powers.

Perhaps the greatest contribution to New Year optimism came from the Council of Foreign Ministers. Meeting at the Waldorf-Astoria in New York in November and December, 1946, the four Foreign Ministers finally reached agreement on the Italian, Balkan and Finnish peace treaties, one year and a half after the Potsdam Conference. When they assembled, on November 4, they had before them the draft treaties, in the state in which they had been presented to the Paris Conference, and over one hundred Conference recommendations. The first few meetings revealed that the settlement of every one of the unagreed points would have to be negotiated. There was no automatic acceptance of the Paris recommendations, whether they had been passed by a two-thirds vote or not. Molotov was unyielding on the Statute for Trieste, on the Danube, and even on points which at most had minor significance. Seemingly endless discussion took place on the powers of the governor of Trieste, on the free port arrangements, on the finances of the Free Territory, on its water supply. The outlook for finishing the treaties was discouraging.

"Firmness and patience" was still the American policy, but the patience of Secretary Byrnes and of Senators Connally and

Vandenberg was wearing thin. Their firmness, if anything, was more pronounced than at the earlier meetings of the Council. That policy had won a signal victory at home when challenged, while the Paris Conference was going on, by Henry Wallace.

Wallace represented a body of opinion which was concerned over the rapid deterioration in relations with the Soviet Union. He ascribed it largely to the Byrnes policy of "getting tough with Russia," which he called an abandonment of Roosevelt's policies. To arrest the trend toward a third world war, he held, it was essential for the United States to disassociate itself from British "imperialism" and "balance of power manipulations," and to convince the Russians that we wanted peace and cooperation. By holding bases all over the world, by continuing to manufacture atomic bombs while we negotiated on international control, and by interfering in eastern Europe, we were provoking the Russians, Wallace believed. We could not make peace in Europe until we had first made peace with Russia.

These ideas were expressed in a letter which Wallace wrote in July 1946 to the President. Then, on September 12, Wallace took his case to the people in a speech for the Political Action Committee at Madison Square Garden in New York. It was a direct challenge to Secretary Byrnes, for Wallace was Secretary of Commerce, a member of the Cabinet. The world wanted to know whether what Byrnes said in Paris or what Wallace said in New York represented the foreign policy of the United States. Truman, interested in left-wing votes and in peace within his official family, was in an awkward position, partly of his own making, since he had done nothing about Wallace's July letter and had approved the New York speech in advance.

Several inept statements by the President, in an attempt to satisfy both sides, only made matters worse, for the schism was too deep to be disposed of summarily. Byrnes waited in Paris for a clear decision. Vandenberg announced that he could not be expected to support two foreign policies. On September 20, Truman asked Wallace to resign from the Cabinet, and affirmed his complete confidence in Byrnes.

The Wallace affair had put Byrnes, for a brief period, in a

most difficult position in the peace treaty negotiations, but he emerged from it with his hand strengthened. American opinion, to judge from the press reaction, was overwhelmingly on his side. The issues raised during the controversy were, of course, still there. Wallace announced, in resigning, that he would "carry on the fight for peace." But it was obvious that there was no swing in public opinion away from the official policies. The Congressional elections in November, though they brought no comfort to the President, were not a repudiation of his foreign policy. Candidates of both parties, during the campaign, felt compelled to denounce Wallace's views and to support the line which Byrnes and Vandenberg had followed.

At the New York meeting of the Council of Foreign Ministers, Secretary Byrnes was ready to match Soviet firmness with American firmness. With the views of the smaller nations on record in the form of recommendations, and with the arguments of the Big Four on all the points thoroughly familiar through repetition, he did not intend to go on negotiating forever. Either the treaties would be completed at this session of the Council or they would not be completed at all. That was the American attitude. After a few weeks of haggling, Byrnes explained the situation frankly to Molotov at a private meeting.

The Russians had to make a choice. If they really wanted treaties, they would have to make some compromises. Apparently they decided that to protract the negotiations would yield no further advantages, for in the meetings which followed, it was Molotov, not Byrnes or Bevin, who made the major concessions. He accepted, in the end, a statute for Trieste largely based on the French compromise plan recommended by the Paris Conference. With this agreement, the responsibility for Trieste was handed to the Security Council, which later agreed (January 10, 1947) to accept it. The United Nations Charter made no provision for the Security Council's exercise of responsibility for the government of a specific territory, but few would deny that the problem of Trieste was connected with the maintenance of international peace and security.

Molotov also agreed to include in the Balkan treaties the

principle of freedom of navigation on the Danube¹ and, for an 18-month period, that of non-discrimination in trade and civil aviation. He accepted 66⅔ percent as the share Allied property owners should be paid as compensation for war losses in the former enemy states. He gave up his opposition to impartial third-party arbitration on disputes arising from the treaties. He agreed that, under the provisional regime for Trieste, American and British troops should remain in the Free Territory until the governor should decide on their withdrawal. In making these concessions the Soviet Delegation accepted solutions which Soviet and Yugoslav representatives had said at London and at Paris that they would never accept. The Russians had put forward their maximum program in September 1945. Not until December 1946 did they reveal the minimum program for which they would settle. When they did, agreement on the treaties was not long delayed. While many of the final agreed clauses followed recommendations of the Paris Conference, there was no evidence that the Soviet leaders accepted them for that reason.²

Not all the concessions at the New York meeting were made by the Soviet Union. In the final settlement of reparation obligations, Italy's total was raised to \$360,000,000 and Bulgaria's, on Molotov's urging, was reduced to \$70,000,000. Yugoslavia was to get \$125,000,000 from Italy and \$25,000,000 from Bulgaria; Greece was to get \$105,000,000 from the former and \$45,000,000 from the latter. Italy also had to pay \$100 million to the U.S.S.R. and \$25 million to Ethiopia, as agreed at Paris, plus a token sum of \$5 million to Albania.

Bevin put forward a proposal for some slight changes in the Greek-Bulgarian frontier, much less than Greece had claimed, but dropped it when the United States gave no support and Molotov refused to consider it; the latter then agreed to the non-fortification of the Bulgarian side of the border. Otherwise

¹ To establish an international regime for the Danube, the Council agreed to call within six months a conference of the Big Four plus the riparian states.

² According to the State Department, the recommendations "played a large if not determinant part in settling the still unsolved issues in these treaties" ("The Third Session of the Council of Foreign Ministers in New York, November 4-December 12, 1946," *Making the Peace Treaties, 1941-1947*, Washington, 1947, 138).



Note: For details and dates of changes see footnote 3, page 451.

the territorial settlement in eastern Europe remained as agreed at Paris. The peace treaties made comparatively few changes in the map of Europe, apart from the gains of the Soviet Union. Bilateral treaties with Poland and Czechoslovakia in 1945, the annexation of the Baltic States, and cessions by Finland and Rumania, now confirmed by the peace treaties, had given the Soviet Union large accessions of territory beyond its prewar frontiers (see map on page 450).³

Final agreement on the military clauses of the five treaties was reached at the New York session. Their total effect was to deprive the former enemy states of any real military power.

³ Territorial Changes in Europe:

1. *Karelian Isthmus, Salla Sector*—ceded by Finland to the U.S.S.R., Treaty of Moscow, March 12, 1940; cession confirmed by Armistice Agreement, September 19, 1944, and Peace Treaty, February 10, 1947.
2. *Petsamo province*—ceded by Finland to the U.S.S.R., Armistice Agreement, September 19, 1944; cession confirmed by Peace Treaty, February 10, 1947.
3. *Porkkala-Udd*—leased (50 years) by Finland to the U.S.S.R., Armistice Agreement, September 19, 1944; lease confirmed by Peace Treaty, February 10, 1947.
4. *Estonia, Latvia, Lithuania*—annexed by the U.S.S.R., June 15-17, 1940, reoccupied in 1945; Soviet annexation of these three states has not been recognized by the United States.
5. *Eastern Poland (Western Byelorussia and Western Ukraine)*—ceded by Poland to the U.S.S.R., Soviet-Polish Treaty, August 16, 1945.
6. *Subcarpathian Ruthenia*—ceded by Czechoslovakia to the U.S.S.R., Soviet-Czechoslovak Treaty, June 29, 1945.
7. *Northern Bukovina and Bessarabia*—ceded by Rumania to the U.S.S.R., June 28, 1940, cession confirmed by Rumanian Armistice, September 12, 1944 and Peace Treaty, February 10, 1947.
8. *Southern Dobruja*—ceded by Rumania to Bulgaria, Treaty of Craiova, September 7, 1940, cession confirmed by Rumanian and Bulgarian Peace Treaties, February 10, 1947.
9. *Bratislava bridgehead*—ceded by Hungary to Czechoslovakia, Peace Treaty, February 10, 1947.
10. *Dodecanese*—ceded by Italy to Greece, Peace Treaty, February 10, 1947.
11. *Saseno*—recognized as belonging to Albania, Italian Peace Treaty, February 10, 1947.
12. *Eastern Venezia Giulia*—ceded by Italy to Yugoslavia, Peace Treaty, February 10, 1947.
13. *Trieste and surrounding area*—ceded by Italy to the Free Territory of Trieste, Peace Treaty, February 10, 1947.
14. *Little St. Bernard Pass, Mont Cenis, Mont Thabor-Chaberton, Briga-Tenda*, ceded by Italy to France, Peace Treaty, February 10, 1947.
15. *Königsberg area (northern East Prussia)*—transferred to Soviet administration, Berlin Protocol, August 2, 1945; though it remained technically a part of Germany, the United States and United Kingdom agreed to support the transfer of the area to the U.S.S.R. at the peace settlement.

Many types of armaments were prohibited. The upper limits in personnel were fixed at 250,000 men for the Italian army, for Rumania 120,000, for Hungary 65,000, for Bulgaria 55,000, and for Finland 34,400, plus small air force contingents. These restrictions made heavily-armed Yugoslavia by far the strongest military power in the Balkans and a real threat to Italy, whose navy was also drastically cut in ships and in men.

The treaties did not change the balance among the great powers in any significant respect. Despite the concession on freedom of Danubian navigation, the Soviet position in eastern Europe was confirmed rather than modified by the Balkan treaties. The willingness of the United States and Great Britain to sign the Bulgarian treaty without first requiring the fulfillment of the Yalta and Moscow agreements amounted to recognition of the Communist-dominated government, a definite retreat. One of the principal American aims, to get the Soviet armies out of the Danube valley, remained unachieved, so long as Austria remained occupied, since the Soviets were permitted by the treaties to maintain forces in Rumania and Hungary to guard the line of communications to Austria. The Soviet Union was the sole judge of how many were needed for that purpose. Byrnes made an effort at New York to get agreement on reducing Allied forces in Europe to the following levels by April 1, 1947: 200,000 in the Soviet zone of Germany, 140,000 each in the American and British zones, 70,000 in the French zone, 10,000 in each zone of Austria, 20,000 in Poland, 5,000 in Hungary and the same number in Rumania. This proposal fell on barren ground.

The five peace treaties were signed in Paris on February 10, 1947. They were frankly regarded as unsatisfactory in many respects by the United States, as by the other Allied states, but were accepted as being as good as could be obtained under the circumstances. Even Yugoslavia, which had advertised its unwillingness to accept the Italian treaty, signed when the time came. In the five enemy states, especially Italy, the treaties were regarded as unjust in nearly every respect. None refused to sign, but the campaign for revision began at once. Even if the treaties

were far from perfect, at least they would, when ratified,⁴ introduce an element of stability in European affairs, mark the end of the armistice regimes and the legal state of war for a large part of Europe, and allow the five ex-enemy states to apply for membership in the United Nations.

2. *The New Republican Congress*

With the Republican Party in control of both Senate and House, the role of Congress promised to be of crucial importance in American foreign policy in 1947. On the main political aims of foreign policy there was no real disagreement between the two parties. Senator Vandenberg, who took over from Senator Connally the chairmanship of the Foreign Relations Committee, had supported Secretary Byrnes in developing the policy of "containing" Soviet expansion in Europe and the Middle East within the limits it had reached at the end of the war. At a press conference in December 1946, the Senator made it clear that he would continue to do everything within his power "to cooperate in maintaining the united American foreign policy . . . in respect to the peace settlements in Europe, and in establishing collective security and justice through the United Nations." This he considered "vital to our own national interest."⁵

On January 7, 1947, the President announced the decision of Secretary Byrnes to resign and the appointment of General Marshall as his successor. Having completed the arduous job of negotiating the minor peace treaties, Byrnes indicated that his health would not permit him to undertake to carry through the German settlement, which might be longer and more demanding. The change in Secretaries of State appeared to represent no shift in basic policies nor in the bipartisan approach, for the Republican leadership was ready to cooperate with Marshall, as with Byrnes, in the policy of firmness toward Russia. The new Secretary immediately turned his attention to getting Congress-

⁴ They were ratified by the U.K. on April 29, 1947 and by the U.S. on June 14, 1947, but would not come into force until ratified by all the major Allied powers (four in the case of Italy, three for the Balkan treaties, two for Finland).

⁵ *Christian Science Monitor*, December 18, 1946.

sional cooperation and action on a list of "urgent" proposals which had been evolved under his predecessor's regime. These included an appropriation for direct relief abroad to replace UNRRA relief in certain countries, membership in the International Refugee Organization, ratification of the Italian and Balkan peace treaties, legislation to permit the entry of a limited number of refugees, and the cultural relations and information program.

Republican loyalty to the bipartisan foreign policy enabled the U.S. representatives at the Council of Foreign Ministers and in United Nations meetings to speak with the same authority as before. Even with this teamwork on the major issues, there were prospects of disagreement between the Administration and Congress on many other aspects of foreign relations. Vandenberg himself wanted it plainly understood that he was giving no pledge of support on matters other than those mentioned at his press conference. In his Cleveland speech of January 11 he argued for a more vigorous anti-Communist policy in China and in Latin America than Truman and Byrnes had pursued. Even wider differences were likely in the field of foreign economic relations. The Republicans had opposed the reciprocal trade agreements program since its inception and were lukewarm toward large-scale government lending to foreign nations; in both houses a majority of Republican votes had been cast against the loan to Britain.

The Republicans, in the past, had been the isolationist party. They still had more tendencies in that direction than the Democrats. Even though Senator Vandenberg, Senator Austin and others had brought the party over to the idea of participation in world affairs, its approach, like that of the Middle West from which it drew its greatest strength, was certainly more frankly nationalistic than that of Roosevelt, or of the Democratic leadership since Roosevelt. The tendency of some to support the bipartisan foreign policy purely because of its anti-Communist aspects was in some ways more suggestive of a trend toward imperialism than toward international cooperation.

The 80th Congress gave promise of scrutinizing every phase

of foreign policy in terms of its financial cost. Many items in Marshall's list of urgent problems faced opposition because they involved more money than Congress was in a mood to grant. This attitude, shared by Democrats as well as Republicans, was bound to affect not only economic issues such as trade, loans and foreign relief, but also the appropriations for the armed forces, for administration and relief in occupied areas, and for special activities such as the State Department's information program. Many Democrats, who before had regularly followed the Administration, now were inclined to go along only with policies which they felt would be popular at home. Congressional hesitancy was not overcome by Administration warnings that failure to give our foreign policies adequate financial support would jeopardize the attainment of our major aims, to which both parties were committed.

Symptomatic of the economy drive was the attitude of Congress toward the cultural relations and foreign propaganda activities carried on by the State Department. The 79th Congress had voted approximately \$19,000,000 for this program after the Department took over the foreign operations of the deceased OWI, but there had been strong Republican opposition on the grounds that this "official propaganda machine" would interfere with free enterprise in the dissemination of news. In 1946, Senator Taft had blocked consideration of a bill providing for a world-wide cultural relations and information program. Hostility was again apparent when the State Department budget, containing a \$31,381,220 item for such a program, came before Congress in April, 1947. A House subcommittee cut out the entire sum, threatening the State Department's Office of International Information and Cultural Affairs with extinction. One of the reasons given for this action was the absence of legislation authorizing the program. Introduction into the House of the Mundt bill on May 6, providing such authorization, gave the Department a further chance to plead its case for telling the world, through official channels, the American version of international developments.

Another item which the Administration considered essential

was the ratification of United States membership in the International Refugee Organization and the appropriation of \$75 million, our share (roughly 46 percent) of its budget. Failure to pass the necessary legislation would make it impossible for the organization to assume charge of over 800,000 refugees and displaced persons when UNRRA's authority and funds expired on June 30, 1947. The Senate approved participation in the IRO in March 1947 after a strong plea by Senator Vandenberg, but with the proviso that it did not change in any way the existing immigration laws. Thus the Senate accepted one of Secretary Marshall's "urgent" proposals and at the same time rejected another. The President, on May 15, repeated his view that the United States should accept its share of refugees. He supported the Stratton bill, introduced in the House on April 1, 1947, for the admission of 400,000 non-quota refugees over a four-year period. Congress showed very little enthusiasm for opening the doors to that number of immigrants.

These Administration requests involved comparatively small sums. The more serious tests would come when Congress considered the military budget and foreign economic policy.

3. National Defense and the Military Establishment

The War and Navy Departments, throughout 1946, had been gradually crystallizing their ideas concerning the postwar military policy of the United States. Their plans were framed to support what had become a guiding principle of our foreign policy, the prevention of the domination of western Europe or of eastern Asia by any one power. It was hoped this purpose could be achieved by political means, but the connection between diplomacy and military power was self-evident. A navy and an air force larger than any in the world were envisaged. The atomic bomb tests at Bikini did not result in any marked change in conception of the role of the navy in the national security system. As for the army, a total of 1,070,000 men in the regular army (including 400,000 in the air force) was set for the year 1947-48. The permanent strength was expected to be some-

what less, but it was intended that the National Guard and other organized reserves be maintained at a figure near the million mark and that these forces be backed by a reservoir of millions equipped with basic training under the proposed system of universal service. Our armed forces, presumably, would have at their disposal a far-flung system of bases, though here there were indications of a more restricted program than had been advocated the year before.

These views and plans were believed to be sound for the next few years. As insurance for the future, a vigorous national program of scientific research and an effective world-wide intelligence system were advocated. There were, of course, obstacles to fixing a definite policy, among them the technological revolution, uncertainty as to the scope of our commitments, and even greater uncertainty over what the Congress and the American people would support.

Retrenchment was the watchword of the 80th Congress when it turned its attention to the military establishment. It found on its agenda, in addition to the budget, two vital questions which had been sidestepped for over a year. One was universal military training, now presented as a six-month instead of a one-year proposition. On this, Congress planned to do nothing until the special committee of prominent persons named by the President in December 1946 had completed its extensive hearings and made its report. Selective Service, twice extended by the 79th Congress, was allowed to die on March 31, 1947.

A second question was the merger or coordination of the War and Navy Departments under a single cabinet officer. Recommended by the President in December 1945, the subject had not been discussed on the floor of either house, although the Senate Military Affairs Committee in April 1946 had reported favorably a bill, sponsored by the Army, which provided for a single department of national defense. Many Congressmen, though favoring unification, hesitated to force it on the Navy against the latter's will. The obvious solution was to insist on a compromise between the two branches of the service. This the President finally succeeded in doing. In January 1947, he sent to

Congress a draft "National Security Act," which had the approval of the War and Navy Departments and of the Joint Chiefs of Staff.

The proposed solution of the long dispute provided for a National Defense Establishment headed by a Secretary of National Defense and consisting of three Departments: Army, Navy and Air Force. Thus the Army obtained a measure of unification, the Navy retained a measure of autonomy, and the Air Force won recognition as a separate service. Adopting the approach of the Navy Department that the real problem was not one of relations between the services but of over-all national security, the new proposal made provision for an advisory National Security Council, a National Security Resources Board, a Central Intelligence Agency, and a Research and Development Board. These provisions represented a recognition that national security was not the concern of the armed services alone, just as foreign policy was not the sole province of the State Department. The initial Congressional reaction to the bill was favorable.

The demands for appropriations presented by the Army and Navy for the fiscal year 1948 were certain to be slashed. The President submitted to Congress in January a budget calling for roughly \$11,256,000,000 for the Army and Navy. The services regarded these as "rock-bottom" figures and protested loudly against the reductions immediately proposed in Congress. Secretary of War Patterson declared that the suggested one billion dollar cut in military expenditures would mean reduction of manpower by 200,000 and curtailment of vital scientific research, and would leave us, within a short time, with a second-rate air force. The proposed cut for civil expenditures, he said, would mean starvation in occupied countries; it would render impossible the continuance of the occupation. Secretary of State Marshall said such a cut would create an impossible situation "for our troops and for our governmental position in international commitments." Secretary Forrestal said that the proposed half-billion reduction in the Navy budget would render the fleet "practically immobile and impotent as an instrument of

national policy." This may have been stating the case in rather strong terms, but there was little doubt that the prospect of a reduced budget would force the services to curtail activities which they deemed essential and perhaps to review the whole subject of the postwar military establishment in search of ways to reach the desired goals with less expense.

Something of this sort was already taking place in the matter of strategic bases. On the strength of War and Navy Department recommendations, the previous Congress had appropriated funds, for the fiscal year beginning July 1, 1946, for construction of bases in the Marshalls, Marianas, Carolines, Bonins, Ryukyus, Philippines, and on Manus, Espiritu Santo, Samoa, Christmas and Johnston Islands, Midway, Wake and Marcus, in addition to the bases in the Aleutians, Hawaii, Canal Zone, and in the Atlantic and Caribbean. At the end of the summer, after the President directed the Navy to curtail expenditures by \$650,000,000, the question was reexamined by the Navy itself and the conclusion reached that the strategic position in the Pacific could be maintained with fewer and less costly bases. Hawaii and the Guam-Saipan-Tinian area would be hubs of the system, with Kodiak in the Aleutians and Kwajalein in the Marshalls as secondary bases. The others would be reduced to caretaker status. Whether we would build a great base in the Ryukyus, in view of their proximity to the Asiatic mainland, was uncertain. That the Philippines were no longer considered a necessary site for a great air and naval base, such as had been planned for the Leyte-Samar area, seemed to be confirmed by the agreement concluded with the Philippine Government in March 1947.⁶

Plans for permanent Atlantic bases in Iceland and the Azores had to be abandoned when negotiations with the Icelandic and Portuguese governments were abortive. If there were plans for U.S. air bases in northern Canada, supposed demands for which brought Mackenzie King under fire in the Canadian Parliament, they too were given up, temporarily in any case. A joint statement of intention to continue Canadian-American

⁶ See above, pp. 309-310.

collaboration "for peacetime joint security purposes," issued in February 1947, mentioned "mutual and reciprocal availability of military, naval and air facilities . . . , this principle to be applied as may be agreed in specific instances." King reassured Canadians that the arrangements in no way infringed on Canadian sovereignty and did not entail the cession of bases to the United States. They did make possible the development of joint weather stations and a joint base at Churchill, the key point on Hudson's Bay. American military men continued to look to the north, the shortest air route to the Eurasian continent and perhaps the weakest point in the country's defense in any future war.

4. Uncertainties in American Economic Policy

In the view of many observers abroad, one of the least predictable and least comforting factors in the world picture was American economic policy. They were disturbed by the uncertain course of our domestic economy, by strikes, shortages, rising prices—all of which had a direct effect on the plans of foreign countries for their own reconstruction. There was a widely-held conviction abroad that the United States was headed for a depression, and a consequent effort to prepare for the shock it would produce in weaker economies. Above all, there was fear of an American trend toward economic nationalism, of which the termination of UNRRA, the Export-Import Bank's announcement of the end of reconstruction loans, and the failure of the World Bank to begin operations were regarded as symptoms. With Congress in the hands of the traditional high-tariff party, the party of Smoot and Hawley, there was doubt whether the United States would go through with the international trade program which it had initiated. The U.S. Delegation to the ITO Preparatory Committee's session in London had been remarkably successful in getting tentative foreign agreement to limit the use of direct trade controls and to remove discriminations. Whether the bargain could be sealed depended primarily on American willingness to match these foreign con-

cessions by making substantial reductions in American tariff rates.

On November 9, 1946, the Administration published a list of products on which it would consider reducing duties when the ITO Preparatory Committee met in Geneva in April. Since the countries with which we were to negotiate normally supply about two-thirds of American imports, the list was long. Many important protected interests were affected. Unless a product was listed no reduction could be made at Geneva, but it did not follow that duties would be reduced on all listed products. The State Department issued, at the same time, notice of its "intention to negotiate" with all of the countries on the Preparatory Committee, in accordance with the requirements of the Trade Agreements Act. Interested parties were invited to submit briefs to the Committee on Reciprocity Information and to appear before it at hearings conducted in Washington in January and February. About half the 1,057 briefs filed opposed tariff reductions, 175 favored them, and 330 asked the government to request concessions from foreign countries on American exports. Subsequently, hearings were held in six cities throughout the country at which interested persons and organizations were invited to express their opinions of the ITO Charter and make suggestions for changes which the government could consider before the Geneva meeting. Debate on the whole policy increased up and down the country. At the two sets of hearings it emerged that a policy which, without cutting tariffs, favored the ITO would have strong popular support. How it could be done was hard to see, especially for the State Department, which had to do the negotiating with foreign countries.

The Republican Party made no official statement of its position on trade policy, but many individual Republicans in Congress showed marked hostility to the entire trade agreements program. Bills were introduced to modify it or kill it completely. Responsible Republican and Administration leaders sought some ground for bipartisan agreement. Senators Vandenberg and Millikin, after a series of conversations with Under-Secretaries Acheson and Clayton, issued a statement early in February 1947, saying that in their view any "important basic changes"

in the Reciprocal Trade Agreements Act should be delayed until its renewal came up in 1948, and the Geneva discussions should not "be abandoned or needlessly postponed." They recited some objections to the trade agreements procedure but pointed out that, to the extent that "safeguards" were inserted in the agreements by executive action, no legislation would be needed; the Administration should take steps to improve safeguards. They proposed that an escape clause be included in all trade agreements, permitting withdrawal or modification of a concession if it "imperilled any affected domestic interest;" that the Tariff Commission investigate and hold hearings on its own initiative or whenever complaints of damaging imports were received, and publicly recommend action to the President; that the United States be in a position to deny most-favored-nation treatment to countries not granting it to us; and that the Tariff Commission review all contemplated concessions and recommend directly to the President "as to the point beyond which reductions and concessions cannot be made without injury to the domestic economy."⁷ On February 25, President Truman issued an executive order incorporating the gist of all but the last of the suggestions made by the Republican Senators. While the Tariff Commission would not make separate recommendations to the President, it would pass on the proposed action by participating in the Interdepartmental Committee on Trade Agreements.⁸

On several points the executive order merely made mandatory practices which had already been adopted. An escape clause of the sort prescribed had been included in the 1942 trade agreement with Mexico, and Clayton had announced the State Department's intention of including a similar clause in all future agreements. It appeared in the *Suggested Charter* and also in the draft articles prepared at London. However, the shift in the administration of the clause from the State Department to the Tariff Commission was undoubtedly considered important by

⁷ *Congressional Record*, 80th Congress, 1st Session, February 10, 1947 (Daily Edition), 957-8.

⁸ The Executive Order gave formal status to the interdepartmental trade agreement organization and its procedures, which had existed for some time, and added the Department of Labor to the Interdepartmental Committee.

the Senators, who probably thought that the Commission would be less reluctant to invoke it.

Senators Vandenberg and Millikin seemed satisfied with the executive order, but noted that not all of their suggestions had been accepted. They specifically reserved their position regarding the outcome of the Geneva negotiations. Some other Republican Senate leaders, with the notable exception of Senator Taft, endorsed the Vandenberg-Millikin proposal. Taft's solution was to vest the whole power to reduce tariffs in the Tariff Commission. House Republicans, especially those on the Ways and Means Committee who in the past had constituted the center of opposition to the trade agreements program, were non-committal on the compromise or critical of it. Senate and House hearings on the Charter began shortly before April 10, the date on which the Geneva Conference opened.

The American Delegation, headed by Under-Secretary Clayton, went to Geneva prepared to stay several months and to do some real bargaining. Armed with the President's powers to reduce duties, they believed they could clinch the agreement made at London, provided foreign negotiators would gamble on American consistency. Success, in their view, was essential to the future of international economic cooperation. Failure would imperil not merely the proposed ITO and the free flow of international trade, but also the Bretton Woods institutions, American loans, and the hopes placed in the Economic and Social Council.

Another question on which Congressional support was needed by the Administration was that of foreign relief. With the approaching end of UNRRA shipments to Europe and China, the State Department came forward with its substitute, a \$350 million program of relief to be granted to Italy, Austria, Greece, Poland, Hungary, and possibly China. In his message to Congress of February 21, 1947, recommending the appropriation, Truman reemphasized that these strictly relief supplies, providing only "the basic essentials of life," would be administered under American control, and not through any international organization.

The President had no need to present voluminous statistics to support his request. The FAO had reported in January that a major food crisis still confronted the world. A special committee set up by the U.N. General Assembly to assess relief needs in 1947 had estimated that six European countries (Austria, Greece, Hungary, Italy, Poland, Yugoslavia) would need \$583,000,000 in outside assistance to supply minimum import requirements of food, clothing and medical supplies; the committee took account of each country's sources of foreign exchange and of the help still to be provided by UNRRA. Appearing before the House Foreign Affairs Committee, Clayton stressed the need for swift action. He indicated that the proposed American contribution would meet over 50 percent of the needs of the receiving countries, estimated by the Administration at about \$600,000,000.

In three of the countries on the receiving list (Italy, Austria and Greece), the State Department wished to strengthen the existing governments and prevent economic breakdown which would encourage Communist influence. In Hungary the Small Landholders were trying desperately to hang on to the position they had won by popular election in 1945; a relief grant, even a token one, would strengthen them against their Communist opponents. Yugoslavia and the Soviet Union, which had received UNRRA aid, were not going to receive any of the direct American aid. This aid was to go to our "friends," though Poland was included on the list. The State Department's idea was that we should give some relief to the Polish people if it could be done without redounding to the benefit of the Polish Government; it was thought worth the risk. Both the Administration and Congress wanted no more of the UNRRA system whereby American supplies were poured into countries whose governments accepted them as their due and then opposed the United States at every turn.

Congress was slow to act on the relief bill. Strong sentiment developed in the House in favor of cutting it to \$200,000,000 and hedging it round with additional safeguards. Then, with the raising of the Greek-Turkish issue early in March, the relief bill was put aside for weeks. American representatives had assured

the United Nations in December 1946, when the United States killed plans for international relief, that national programs would take care of the situation when UNRRA ended. Congress was in no hurry to make good on that assurance. Nor were other supplying countries doing much to get food supplies to the needy areas, as the annual food crisis preceding the harvest hit Europe once more.

The issues of trade policy and European relief highlighted the role of the United States in the world economy. As the President pointed out in his speech at Baylor University on March 6, 1947, this country was "the giant of the economic world." The decisive factor would be the type of leadership provided by the United States. "The choice is ours," said the President. "We can lead the nations to economic peace or we can plunge them into economic war." A choice in those clear terms was not likely to present itself, either on individual questions or on economic policy as a whole. What seemed to be happening was that a more generous measure of economic nationalism was being mixed into our policies, without any sharp repudiation of international responsibilities or unwillingness to support the new international economic agencies.

5. Unsettled Asia: Civil War Continues in China

The atmosphere of cooperation which appeared to prevail in Soviet-American relations at the turn of the year was rather quickly dispelled, as factors which bespoke the competition for power reasserted themselves. The lines were hardening in the Far East, between the United States and the U.S.S.R., and between the contending factions in China. The failure of the Kuomintang and the Communists to reach agreement compelled the United States to reassess its China policy and to decide whether to continue the thankless and seemingly hopeless effort at mediation.

On December 18, 1946, Truman issued a long statement, reviewing the course of Marshall's mission and defending the policies the United States had followed in China over the past

year. It offered nothing new, merely repeating previous statements that we recognized only the national Government of China, that we would not interfere in China's internal affairs or become involved in the civil strife, but would try to help the Chinese people bring about peace and economic recovery. General Marshall's statement in January, on the termination of his mission, was more revealing. He condemned both sides for the continuance of the civil war. The "dominant group of reactionaries" in the Kuomintang, he reported, opposed almost every effort he had made to influence the formation of a genuine coalition government. The Communists, on their part, had been unwilling to make a fair compromise. The reactionaries, he said, were counting on substantial American support regardless of their line of action. The Communists were counting on economic collapse in China, and were contributing to it. "The salvation of the situation," Marshall concluded, lay in the assumption of leadership by the liberals in the Kuomintang and in the minority parties, but unfortunately they "lacked the political power to exercise a controlling influence."

Marshall's report referred to the new Chinese constitution, adopted on December 25, 1946, as democratic and "in all major respects in accordance with the principles laid down by the all-party Political Consultative Conference of last January." He called it unfortunate that the Communists had not seen fit to participate in the constituent assembly, since the constitution appeared to include every major point they wanted. The Communist leaders did not see it in that light. After the calling of the constituent assembly, they had broken off all negotiations. They called the constitution a reactionary document and denounced the Kuomintang for violating the PCC agreements. The civil war went on, marked by a new government offensive which drove the Communists from their principal city, Yanan, in the middle of March 1947, and by Communist gains in Manchuria.

The liberals, whom Marshall had singled out for praise, had no means of reaching positions of authority or of bringing about a reconciliation between irreconcilable adversaries, each with

armed forces at its disposal. The Democratic League stuck by the Communists. The Young China and Social Democratic parties, hesitantly and against the wishes of some of their leaders, negotiated with the Kuomintang and were brought into the new government, finally formed in April 1947, with General Chang Chun as Premier. Despite the new faces, power remained in the hands of the Kuomintang. Kuomintang liberals were placed in more prominent positions, but those whom Marshall had called reactionaries were by no means out of the picture. All-out war on the Communists was the chief point in the government's program. Administrative reform and economic reconstruction would have to await the outcome of military events.

One of General Marshall's first important acts as Secretary of State was to put an end to the unsuccessful American effort at mediation. On January 29, 1947, the State Department announced the dissolution of the mediation machinery at Peiping and the imminent withdrawal of the remaining American forces. Supposedly, these moves represented no change in American policy toward China as laid down in the President's statement of December 18. We still hoped for a united, democratic China, but gave up the active attempt to bring it about. Henceforward, the United States would watch the opposing factions fight it out.

Senator Vandenberg, in his speech of January 11, suggested "a shift in emphasis." He hoped that the new constitution and a national election "would weld together a strong and competent China." He proposed encouraging those who had set their feet upon that road, and discouraging those who made the road precarious (the Communists). These remarks brought no public reaction from the Administration. The cost of a strong anti-Communist policy in China was impossible to calculate. Money loaned to the Nanking government was likely to be eaten up, with little to show for it and no prospect of repayment. Nor was there any guarantee that an outpouring of American aid sufficient to enable Chiang to defeat the Communist armies would achieve the avowed aim of American policy, a peaceful, united and democratic China. Kuomintang China seemed, indeed, to be growing increasingly chaotic despite military victories.

Direct American mediation had failed to stop the civil war in China. While some observers felt that joint action by the United States, Britain and Russia would be more effective,⁹ there seemed to be little possibility that the three powers could agree to act together. They had reached an agreement in December 1945 to work for a unified and democratic China. Since then, as Molotov pointed out in March 1947, "the situation in China had not improved."¹⁰ Soviet dislike of the Nanking regime and of the course of American policy in China was not concealed. There was no common view on what the agreement of 1945 really meant. For the time being, America and Russia were refraining from open intervention in the civil war. The Soviets, concentrating their attention on Europe, were pursuing a relatively cautious and correct line in China. But so long as the civil strife continued, and no common Allied policy existed, events in China would imperil the stability of Asia and the peace of the world.

6. Unsettled Europe: The German Problem

In Europe, as in the Far East, the big questions remained unsettled. With the minor peace treaties out of the way, the Council of Foreign Ministers finally turned to Germany. In December, at New York, they chose Moscow as the place of their next meeting, to be held in March 1947. They drew up an agenda which included the Austrian treaty and the following items on

⁹ In December 1946 Senators Flanders of Vermont and Murray of Montana had urged an international conference, at which the United States, the Soviet Union, Great Britain and Chinese political parties would be represented, to bring about an end to the civil war and the formation of a coalition government. The statement, signed also by four American authorities on Far Eastern affairs (Owen Lattimore, Harley F. McNair, H. H. Fisher, Foster Rhea Dulles), pointed out that the United States had nothing to gain by unilateral intervention in China, that it could not promote democracy by supporting one side or the other, and that there was no prospect that a decisive military victory for either side would establish a foundation for peace and prosperity (Statement released December 18, 1946).

¹⁰ Statement at the opening meeting of the Council of Foreign Ministers, Moscow, March 10, 1947 (*New York Times*, March 11, 1947). General Marshall refused to discuss China in the Council (the Chinese Government not being represented at this session), but he did agree to exchange information on the fulfillment of the agreement of 1945.

Germany: (1) progress made by the Allied Control Council in carrying out political and economic policies in Germany (including demilitarization, denazification, central agencies, decentralization, the liquidation of Prussia, economic unity and reparation); (2) the form and scope of the provisional political organization of Germany; (3) preparatory work on the German peace treaty (drafting procedure and territorial questions, including the French proposal on the Ruhr and the Rhineland); (4) the American draft treaty on demilitarization and disarmament; (5) the European coal situation.

The Deputies met in London in January to hear the views of smaller Allied nations which had participated in the war against Germany and to consider the procedure for drafting a German peace treaty.¹¹ Spokesmen for the Netherlands, Belgium, Czechoslovakia, Poland, Yugoslavia and the British Dominions appeared in London to give their views on the future of Germany. The Netherlands, Belgium, Luxembourg and Czechoslovakia all made minor territorial claims, in order to "straighten out" their frontiers for strategic or economic reasons. The western countries were more or less in agreement on desiring to reconcile economic unification of Germany with political decentralization. The Dutch and Belgians urged that Germany be made into a loose confederation of states, somewhat along the lines suggested by France. The Czechs and Poles put less emphasis on the constitutional structure of Germany and more on the need for denazification and strict Allied control. Poland openly opposed federalism. All the neighboring states expressed a desire to get something in the way of reparation deliveries, and the Yugoslav representative took occasion to denounce the United States for violating the Yalta and Paris agreements on reparation.

The smaller western European nations and the British Dominions, led by Canada, were not entirely pleased with being allowed only to make statements of their views, without participating in the negotiations and without knowing the full

¹¹ The Deputies were Robert D. Murphy (U.S.), Sir William Strang (U.K.), F. T. Gusev (U.S.S.R.), Couve de Murville (France).

course of the discussions among the big powers. Germany had been the main enemy, and the German settlement was of world-wide concern. The big powers had been glad enough to get the smaller countries into the war. Why should they be deprived of a share in making the peace? The United States sympathized with this view and desired to give them a larger part in drafting the German treaty than they had had in the others. The problem was to convince the Soviet Government.

The Deputies' discussions at London on the procedure to be followed revealed differences which six weeks of talking could not bridge. The three western powers wished to let the small powers participate, following the Moscow Conference, in the work of drafting the treaty. Gusev, the Soviet Deputy, countered with a proposal for a procedure like that followed for the five earlier treaties: the Big Four would prepare the draft; they would hear the views of neighboring states and those which had had armed forces in the fight against Germany; on completion of the draft, and when a central German government had been formed, the Big Four would call a conference to discuss it (with the same composition as the Paris Conference of 1946, plus Albania and Luxembourg); the conference would make recommendations; the Big Four would then draft the final treaty. This proposal was quite unacceptable to the western powers. After compromises put forward by the French and American delegations got nowhere, the Deputies decided to submit their disagreements to the Foreign Ministers at Moscow.

What was the American plan for the coming conference in Moscow? Presumably it was the line laid down by Secretary Byrnes at Stuttgart the previous September. Politically, we favored the creation of a central government with limited powers in a federal Germany. On territorial questions, we favored drawing the frontier with Poland somewhere to the east of the provisional Oder-Neisse line, though leaving Upper Silesia, Danzig and East Prussia (excluding Königsberg, promised to the U.S.S.R.) in Poland; in the west we favored no change save the detachment of the Saar. On the economic side, we were still asking the Russians to put into practice the economic unity to

which they had agreed at Potsdam. The United States would stand by the reparation settlement made at Potsdam. It was not going to buy economic unity again, especially since the price this time probably would be reparation deliveries from current production, which the Soviets were demanding. We would not give up the merger of the American and British zones. On the contrary, we would do everything possible to make it work.

There was no thorough Congressional or public debate on the German problem in the period preceding the Moscow Conference. Secretary Marshall kept his own counsel. Two prominent Republicans, however, set forth views which indicated the direction in which the wind was blowing, and not just in their own party. One was Herbert Hoover, who had been appointed by the President to make a survey of conditions in Germany and Austria. One of his reports, submitted in March after his return to the United States, sought to show that the policy of eliminating Germany's industrial war potential had been an "illusion," which from the very beginning had handicapped the development of a sound economic policy.¹² The sensible way to prevent a German threat to the peace, Hoover said, was to impose and enforce complete disarmament. Germany's industries, especially the heavy industries, should be revived in the interest of European recovery and of lightening the burden on America through the increase of exports to pay for imports. Behind the Hoover recommendations lay the idea that Germany must be made economically healthy, in order to strengthen the western world against the inroads of communism.

The other Republican spokesman was John Foster Dulles, who carried the argument beyond the confines of Germany itself. "Of course there should be an economic unification of Germany," he said in a speech delivered in January.¹³ "But the reason for that is also a reason for the economic unification of Europe." Citing a dictum of Prime Minister Attlee's that "Europe must federate or perish," Dulles pointed to the necessity of

¹² Herbert Hoover, *Report No. 3 of the President's Economic Mission to Germany and Austria*, released to the press, March 24, 1947.

¹³ Address to the National Publishers' Association (*New York Herald Tribune*, January 18, 1947).

a German settlement which would advance European unity instead of encouraging the rebuilding of "the structure of independent, unconnected sovereignties." The industrial potential of western Germany should be integrated into western Europe; it should not be left in the control of the Germans alone. Germany should be decentralized, each German state developing its natural economic ties with neighboring nations of western Europe. A statesmanlike solution to this political and economic problem, providing safety against German aggression and a more stable and prosperous life for the people of western Europe, was a positive alternative to the Potsdam policy of imposed pastoralization, "with its inevitable accompaniment of military occupation and charity feeding." The pastoralization policy could have no permanency. "Not only Germans but neighboring peoples will eventually rebel at trying to cover with manure the natural industrial basin of Europe."

The Dulles speech had the approval of Senator Vandenberg and of Governor Dewey. It indicated the direction in which the Republicans would push our German policy, a direction which the Administration might not be loathe to follow. American policy on the European settlement was still a bipartisan policy, and Dulles was going to Moscow as Special Adviser to Secretary Marshall.

None of the four powers expected the Moscow Conference to be more than the first round in the negotiation of a German settlement. Preparation for it seemed to consist largely in public reiteration of conflicting views as a means of strengthening respective bargaining positions. The Dulles speech, with its emphasis on blocking Soviet expansion and taking the initiative for world leadership, was advance notice that at Moscow the United States probably would not easily abandon its prepared positions in search of compromises. Truman's message on Greece and Turkey, just after the conference opened, was not calculated to smooth the way toward a reconciliation of views on Germany. Moscow's mood was equally uncompromising. The Soviet press attacked Dulles and other Americans for advocating an anti-Soviet bloc. It denounced the merger of the American and Brit-

ish zones, accused the United States and Great Britain of reviving German cartels for their own benefit, and insisted on the Soviet Union's right to reparation from current German production. The British, like the Americans, were determined to go through with the reconstruction of western Germany and to keep the Soviets out of the control of the Ruhr, no matter what Moscow might demand. Bevin went to Moscow pledged to agree to nothing which would increase the burden of the British taxpayer.

France, of the four the most willing to seek compromise solutions, still adhered to its policy on western Germany put forward in 1945, which none of the other three powers had accepted. Three memoranda presented for consideration at the Moscow meeting, however, indicated an approach to solutions which might be acceptable to the United States and Britain. One dealt with the provisional organization of Germany, granting the importance of economic unity. The second, on the future constitutional structure, stressed political decentralization, on which French and American views were not far apart. The most important, dated February 1, 1947, was a proposal for an "international economic regime" in the Ruhr (without specifying the four-power control which the Russians had suggested); the British had already accepted the general idea of international control of Ruhr industry, and the United States had not ruled it out of consideration. Thus France, disappointed in the Soviet attitude on the Saar, centralization, and western Germany, seemed to be moving toward the Anglo-American side. Only those powers which controlled western Germany were in a position to grant or to deny what France wanted.

The Anglo-French alliance, signed by Bevin and Bidault at Dunkirk on the eve of the Moscow Conference, was probably more significant in its timing than in its substance. The way for this alliance was prepared by Léon Blum, long an advocate of the *entente cordiale*, during his brief tenure of office as Premier. It was a mutual defense pact directed against Germany, hedged in with references to both parties' obligations under the United Nations Charter. Despite the differences over Germany which

had kept the two countries apart, common concern over the future of western Europe induced them to come together in their first formal alliance in time of peace.

General Marshall, departing for Moscow early in March, told the press that he was doubtful whether a draft treaty for Germany would be completed at the coming conference. He hoped for agreement on fundamentals, for the acceptance of the treaty for German disarmament proposed nearly a year before by Secretary Byrnes, and for the completion of the Austrian treaty. Advance indications that the Soviets were preparing for an endurance test, as in the case of the other peace treaties, made even those modest hopes seem optimistic.

7. The New Departure

At the approach of spring, 1947, Soviet-American relations remained the central problem of world politics. In the Far East the conflict between the two powers was simmering, relatively quiet for the moment. In Europe it was more active and open, but the war of propaganda and name-calling was paralleled by the search for agreements at the conference table. Then suddenly, on March 12, two days after the Moscow Conference on Germany opened, the trend toward an avowed American policy of blocking Soviet expansion was dramatized by President Truman's personal appearance before Congress to propose new American commitments in another critical area, the eastern Mediterranean. In an address which radiated an atmosphere of crisis, he spoke of "the gravity of the situation which confronts the world," and which involved the national security of the United States. "One aspect" of that situation, said the President, concerned Greece and Turkey.

The Greek pot had continued to boil since the Security Council's debate on the Ukrainian charges in September 1946.¹⁴ The Greek Government admitted the existence of virtual civil war in its northern provinces, where insurgent bands, led by Communists, defied the efforts of the Greek Army to put them down.

¹⁴ See above, pp. 148-149.

Premier Tsaldaris, turning the tables on his former accusers, appealed to the Security Council. The Greek complaint alleged that Albania, Yugoslavia and Bulgaria were "lending their support to the violent guerrilla warfare now being waged in northern Greece against public order and the territorial integrity of Greece."¹⁵ Tsaldaris came to New York in December to plead his case in person. This time, after the usual accusations and counter-accusations had been made, the Council adopted unanimously the American proposal to send a commission to investigate border violations and disturbances on both sides of Greece's northern frontier, that is, in all four countries. The commission, on which all members of the Security Council were represented,¹⁶ gathered in Athens at the end of January 1947, later moving on to Salonika and the border districts. As the investigation proceeded, the possibility that this fact-finding body would agree on the facts appeared remote. The Soviet and Polish representatives and the Yugoslav, Albanian and Bulgarian liaison officers devoted their efforts to proving that the "monarchofascist" Greek Government was threatening neighboring countries and oppressing the Greek people. They took no stock in the mass of evidence indicating that the guerrillas were supported from outside Greece, evidence which appeared convincing to many of the commission's members.

The commission had to deal not merely with the investigation of past frontier incidents but with a currently explosive situation. The weakness of the Greek Government was patent. It could not restore order in the country by force, nor had it been able to establish any kind of political and economic stability, despite the presence of British troops and British financial assistance. Greece had never recovered from the devastation of the war. The British Government had poured over \$500,000,000 into Greece since its liberation.¹⁷ In 1946, the United States

¹⁵ United Nations Security Council, Document S/203, December 4, 1946.

¹⁶ Mark Ethridge was named as American representative on the commission.

¹⁷ The total British expenditures through March 31, 1947, included £48 million for maintenance of British troops, £30 million for aid to the Greek army, £46 million by the waiver of Greece's 1940-41 debt to Britain, and a £10 million loan (later made a gift) for stabilizing the currency (*B.I.S. Notes*, published by British Information Services, New York, II, March 21, 1947, 26).

had granted a \$25,000,000 Export-Import Bank Loan and \$68,700,000 in credits for the purchase of surplus property and ships. UNRRA had supplied Greece with some \$350,000,000 worth of supplies in 1945 and 1946. Yet Greece did not have much to show for all this aid. Its merchant marine, destroyed during the war, could not recover in so short a time. Its best agricultural districts were the scene of incessant guerrilla warfare. The government took no adequate measures to control inflation or to conserve foreign exchange. It was content to blame the economic difficulties on the critical political situation resulting from internal rebellion and outside pressures.

Washington had long been aware of the difficult economic situation in Greece. It had given its blessing to the sending of a mission by the FAO, in May 1946, to study Greek agriculture and related industries and to make recommendations for their rehabilitation and long-range development. The mission recommended, in November, an international program of action by various agencies including the Economic and Social Council, the FAO, the World Bank and the Monetary Fund. "International loans" were suggested, starting with an initial commitment of \$100,000,000 for 1947-48.¹⁸ This was a program which could not even be started without long negotiations. The international agencies were not in a position to act with dispatch. After receiving an urgent plea from the Greek Government, the United States decided, belatedly, to send an economic mission of its own to Greece. This group, headed by Paul Porter, arrived in Athens in January 1947, to look into economic conditions and report what measures were necessary for the restoration and development of the national economy. Its principal assignment was to estimate the extent of "foreign or international aid" Greece would need in order to put the necessary measures into effect.

While this American economic mission and the U.N. commission investigating border incidents were still in Greece, and before they had made their recommendations, the Truman Administration decided to take direct and decisive action. Word

¹⁸ *Report of the FAO Mission for Greece* (Washington, 1947), 60-62.

had come from London, late in February 1947, that Great Britain, staggering under an economic crisis at home and forced to reduce its foreign commitments, would be unable to continue economic support of Greece and Turkey after the end of March and planned to withdraw the 16,000 remaining British troops from Greece shortly thereafter. Turkey was in no such state of incipient collapse as Greece, but it also was under sustained pressure from the north and was bleeding itself white to keep a large army mobilized. The United States had three choices: (1) to take over primary responsibility for holding the Greek-Turkish barrier against Soviet penetration; (2) to urge the assumption of that responsibility by the United Nations; (3) to let events take their course.

President Truman and Secretary Marshall chose the first alternative. The second they regarded as unrealistic, the third as disastrous to our strategic position and our influence throughout the world. They thereupon gave Congressional leaders advance notice, though not very far in advance, of the decision to devote American influence and American money to support the Greek and Turkish governments against their internal and foreign enemies. The immediate problem was not the economic recovery and development of Greece or Turkey. Half the \$300 million proposed as an initial loan to Greece and all the \$100 million proposed for Turkey was expected to be used for military expenditures. What was considered urgent was to give those nations the hope of withstanding Soviet pressure, which increased as the economic situation grew worse. In its simplest terms, although no military guarantees were to be given, it was a decision to place the strategic frontier of the United States in the hills of Macedonia and on the Bosphorus. The policy would be implemented through military and economic missions and loans which, in their purpose of aiding our own national security, amounted to a kind of peacetime lend-lease to governments which were opposing the Soviet Union.

The British retreat from Greece and Turkey was brought on by the necessity of getting out from under an economic burden which the government felt could not be sustained. It was also

a reflection of changing ideas in London on Britain's strategic position and requirements. One such idea was that, with the loss of India, the Mediterranean lifeline would no longer be of such great significance to Britain as in the past. A strong position in Africa (based on the Kenya-Nigeria-South Africa triangle) might be better suited to new methods of warfare; certainly the political and economic difficulties there would be mild compared to those involved in holding positions in the Near East. The British were by no means giving up the Near East. They showed no signs of getting out of Cyprus and Transjordan. They were not giving up Palestine, even though submitting the question to the United Nations for discussion. The withdrawal from Greece and Turkey might not have been so easily decided if London had not felt fairly sure that the United States would step in. And that withdrawal was not intended to be complete. Britain expected to remain as a junior partner in the enterprise of holding the line against Russia in those countries.

The "doctrine" announced on March 12 was a logical next step in the policy followed by the United States for the past twelve months, in its relations with Russia in general, and in this region in particular. But in its specific character and in the manner of its presentation, it was a new departure. The new doctrine put in concrete form some of the responsibilities which the American people would be asked to assume as a consequence of our world position. These were not precisely the kind of responsibilities that the Congress and the American people had had in mind in 1945 when they supported, overwhelmingly, American participation in the United Nations. And the limited proposal on Greece and Turkey carried implications of further and more far-reaching commitments in other parts of the world.

The principal purpose of the proposed policy, to halt Soviet expansion, was put in the language of the defense of free institutions against totalitarianism. As was foreshadowed in the President's Navy Day speech of October 1945, when we used our power in the national interest, we would do so in the name of freedom and democracy. It would have been difficult to picture the Greek and Turkish governments as democratic. Instead,

it was argued that, as free peoples resisting subjugation, they must be given the chance to become democratic, a chance which the imposition of totalitarian regimes would deny to them.

The following were the more significant passages in the President's message of March 12:

"The gravity of the situation which confronts the world today necessitates my appearance before a joint session of the Congress."

"The foreign policy and the national security of this country are involved."

"One aspect of the present situation . . . concerns Greece and Turkey."

"The very existence of the Greek state is today threatened by the terrorist activities of several thousand armed men, led by Communists . . ."

"Greece must have assistance if it is to become a self-supporting and self-respecting democracy."

"The United States must supply that assistance."

". . . The United Nations and its related organizations are not in a position to extend help of the kind that is required."

". . . Totalitarian regimes imposed on free peoples, by direct or indirect aggression, undermine the foundations of international peace and hence the security of the United States."

"At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one."

"One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression."

"The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms."

"I believe that it must be the policy of the United States

to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."

"Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far-reaching to the West as well as to the East."

The strong language of the message, which may have been intended to shock the American people into a realization of the importance of the issues, gave the impression that the policy of attempting to cooperate with the Soviet Union had been given up, and that an eventual war between the "two alternative ways of life" mentioned by the President was inevitable. This was not the case, since the policy of containing Soviet expansion had not only the negative purpose of holding strategic positions for reasons of security, but also the positive aim of showing the Soviet Government on what terms cooperation was possible. A policy of firmness backed by power and financial resources, in removing all doubts about where the United States stood, might be the indispensable preliminary to a general settlement with the Soviet Union.

The President's message of March 12 ushered in a comprehensive discussion, in Congress and throughout the country, of the fundamentals of American foreign policy. For the first time since the public debate on joining a world security organization, the country was faced with a major decision concerning its role in world affairs. A decision either way involved risks. There was no well-marked road to world peace and prosperity. The debate on the President's proposals on Greece and Turkey, which might be but a foretaste of others on Europe or China, gave promise of showing what risks and what responsibilities America was prepared to take.

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3. The formation of the World Federation of Trade Unions is announced after a conference in Paris.

- 15-Nov. 5. The International Labor Organization meets in Paris.
- 16-Nov. 1. The U.N. Food and Agriculture Organization meets in Quebec. Representatives of 30 countries sign the constitution.
- 24. The U.N. Charter comes into force.

November 1945

- 1-16. The U.N. Educational and Cultural Conference meets in London and adopts a constitution for UNESCO.
- 20-23. The Inter-Governmental Committee on Refugees meets in Paris.
- 24-Dec. 23. The Preparatory Commission of the U.N. meets in London.

December 1945

- 27. The International Bank and Monetary Fund come into being as 28 nations confirm their ratifications and make initial payments.

January 1946

- 10. The first part of the first session of the General Assembly opens in London. Spaak of Belgium is elected President.
- 12. The Assembly elects the six non-permanent members of the Security Council and the 18 members of the Economic and Social Council.
- 17. The Security Council meets for the first time. Norman J. O. Makin of Australia is elected first president.
- 19. Iran charges the U.S.S.R. with interference in her internal affairs and asks the Security Council to investigate the dispute.
- 21. The U.S.S.R. formally charges Britain with interference in Greece, and the Ukraine makes a similar charge against her activities in Indonesia, asking action by the Security Council.
- 23. The Economic and Social Council meets for the first time in London, elects Sir Ramaswami Mudaliar of India as president.
- 24. The Assembly unanimously passes a resolution to establish a commission on the control of atomic energy.
- 30. The Security Council decides that the U.S.S.R. and Iran should keep the Council informed of their direct negotiations.

February 1946

- 1. Trygve Lie is elected Secretary General of the U.N. by the Assembly.
- 5. Syria and Lebanon ask the Security Council to recommend "the total and simultaneous evacuation" of British and French troops.
- 6. The Security Council drops the Greek question without action. The Assembly and the Security Council elect 15 judges to the Court of International Justice.
- 9. The General Assembly condemns the Franco regime and forbids Spain membership in the U.N.
- The Security Council votes 9 to 2 to take no action on Indonesia.
- 14. The Assembly decides to locate the permanent site in Westchester County, N. Y., and/or Fairfield County, Conn., with interim headquarters in New York.
- 15. The Assembly adjourns until September 3.
- The Security Council concludes discussion on withdrawal of British and French troops from the Levant. A Soviet veto blocks a decision.
- 16. The Security Council adjourns, ending the London session.

March 1946

- 4. France suggests to the U.S., U.K., and U.S.S.R. that the Spanish situation be submitted to the Security Council.

8-18. The combined boards of the World Bank and Monetary Fund meet for the first time in Savannah, Georgia, and elect executive directors.

8. The U.S. informs France that it does not consider the Franco regime a threat to world peace.

12. Herbert Lehman resigns as Director General of UNRRA.

15-20. The fourth session of the UNRRA Council meets in Atlantic City.

19. Trygve Lie announces that Iran's dispute with the U.S.S.R. has been placed on the provisional agenda of the Security Council.

UNRRA Director General Lehman's final report urges the establishment of an international food control board.

20. The U.S.S.R. requests postponement of the meeting of the Security Council from March 25 to April 10.

22. Stalin, in reply to a press questionnaire, expresses his confidence in the U.N. as a "serious instrument" for preserving peace.

25. The Security Council meets in New York at Hunter College.

The Military Staff Committee meets for the first time.

26. The Security Council places Iran's charges on the agenda.

27. The Soviet delegation walks out of the Security Council meeting after the defeat of its motion to postpone discussion on Iran.

29. The Security Council requests information from the U.S.S.R. and Iran by April 3 on the withdrawal of Soviet troops.

April 1946

3. The Council receives the replies of Iran and the U.S.S.R. The latter says troops will be withdrawn by May 6.

The International Court of Justice meets for the first time in the Hague.

4. The Council votes to defer further proceedings on Iran until May 6.

8. The special U.N. committee on refugees meets in London.

The Assembly of the League of Nations meets at Geneva to transfer its assets and powers to the United Nations.

9. Gromyko attends the Security Council meeting, ending the boycott.

15. Ala withdraws Iran's complaint from the Security Council. The U.S. opposes removal of the matter from the agenda.

17. The Security Council takes up the Polish charge that Spain is a threat to international peace. Poland asks that the Council direct all U.N. members to break diplomatic relations with Spain.

18. The League of Nations votes itself and the Permanent Court of International Justice out of existence as of April 19, and the session closes.

23. Gromyko announces that the U.S.S.R. will not participate in any future international consideration of the question of Iran.

29. The Security Council adopts a resolution morally condemning the Franco regime and calling for investigation by a subcommittee.

May 1946

3. The U.K. and France notify the Security Council that their troops are completely withdrawn from Syria.

6. The International Monetary Fund holds its first meeting in Washington and elects Camille Gutt of Belgium as managing director.

Iran informs the Security Council it has been unable to ascertain whether Soviet troops are wholly out of Azerbaijan.

7. The Executive Directors of the World Bank hold their first meeting.

8. The Security Council adopts a U.S. resolution to defer further action on Iran until May 20.

- 17-27. A working session of the FAO meets in Washington.
- 21. Iran informs the Security Council that Soviet troops evacuated Azerbaijan by May 6 as scheduled.
- 21-June 7. The Provisional International Civil Aviation Organization meets in Montreal.
- 22. The Security Council, with the U.S.S.R. absent, votes to keep Iran on the agenda for an indefinite period.
- 25. The Economic and Social Council opens its second session in New York.

June 1946

- 14. The U.N. Atomic Energy Commission meets for the first time in New York. U.S. representative Baruch outlines the U.S. proposals.
- 18. The U.S.S.R. vetoes in the Security Council the proposal that the question of Spain be referred to the Assembly.
- 19. The U.S.S.R. offers its plan for the control of atomic energy.
- 19-July 22. The International Health Conference meets in New York. Sixty nations sign the constitution of the World Health Organization.
- 20. The Economic and Social Council adopts a draft constitution for the International Refugee Organization.
- The International Emergency Food Council meets for the first time in Washington, succeeding the Combined Food Board.
- 21. The Soviet proposal to give the WFTU full "participation without vote" is defeated as the Economic and Social Council ends its second session.
- 23. India appeals to the General Assembly, alleging discrimination in South Africa against Indians.
- 24. The Security Council, by a 7 to 4 vote, refuses to order the members of the U.N. to break relations with Spain.

July 1946

- 5-12. The Preparatory Commission of UNESCO meets in London.
- 13. Siam submits its border dispute with French Indo-China to the Security Council.
- 22. The Assembly meeting is postponed to September 23.

August 1946

- 3. Cuba requests that the Assembly discuss the convocation of a general conference to amend the Charter.
- 5-16. The fifth session of the UNRRA Council meets in Geneva.
- 21. The U.S. reports to the U.N. on the administration of dependent areas, in accordance with a General Assembly resolution.
- 24. The Ukrainian SSR accuses Greece of trying to foment war in the Balkans and requests the Security Council to take up the question.
- 28. The Security Council holds its first meeting at Lake Success.
- 29. By unanimous vote the Security Council recommends the admission to the U.N. of Afghanistan, Iceland and Sweden. The applications of Albania, Eire, Outer Mongolia, Portugal, and Transjordan are turned down.

September 1946

- 2-14. The second FAO Conference meets in Copenhagen.
- 3. The Security Council admits to the agenda, 7 to 2, the Ukrainian charge against Greece.
- 9. At the request of several governments at the Paris peace conference, the meeting of the General Assembly is postponed to October 23.

- 11. The Economic and Social Council meets in its third session at New York.
- 18. The U.S. proposes in the Security Council that a subcommittee be appointed to investigate both sides of Greece's northern frontier.
- 19-Oct. 9. An ILO conference meets in Montreal.
- 20. The Ukrainian charges against Greece are dropped, 7 to 2. The U.S. proposal for a commission is vetoed by Gromyko.
- 23. The U.S.S.R. asks the Security Council to call for a report from all the United Nations on the number and location of their forces abroad in all except former enemy countries.
- 24. The Security Council refuses to consider the troop census proposal.
- 27. The governors of the World Bank and Fund meet in Washington.

October 1946

- 4. The Economic and Social Council closes its session after recommending a conference on the Danube. It also adopts, for transmission to the Assembly, a revised constitution for the IRO.
- The Preparatory Committee of the International Conference on Trade and Employment opens sessions in London.
- 23. The General Assembly meets in New York. Truman speaks.
- 29. Speaking before the Assembly, Molotov calls for world-wide reduction of armaments, outlawry of the atomic bomb, and a troop census.
- 30. Austin endorses the Soviet proposal for world-wide disarmament but says the U.S. will not disarm unilaterally.
- Lie announces that Albania has filed a protest with U.N. against the invasion of Albanian waters by British warships.
- 31. The Assembly's general debate ends. The Assembly adds to the agenda the Soviet disarmament proposal and the question of Spain.
- The Secretary-General hears from Czechoslovakia, Yugoslavia and the U.S.S.R. that they will not attend the proposed Danubian conference.

November 1946

- 4. The Security Council votes unanimously to drop the question of Franco Spain from its agenda, thus permitting the Assembly to take action on it.
- UNESCO comes into being, as the twentieth adherence is received.
- 13. In the Trusteeship Committee, Smuts says that South Africa will continue to administer Southwest Africa as an integral part of the Union, even if U.N. fails to approve his country's proposal to annex it.
- 14. The U.S. announces opposition to any international body to succeed UNRRA.
- 19. In a plenary session the Assembly formally admits Afghanistan, Iceland, and Sweden to membership in the United Nations and elects Belgium, Colombia, and Syria to the Security Council to replace the Netherlands, Mexico, and Egypt.
- 19-Dec. 10. The first general conference of UNESCO meets in Paris.
- 23. After failing to reach any agreement, the Big Five Foreign Ministers return the controversy of the veto power to the Assembly.
- Delegates from 17 nations agree on the major points of a world trade charter as the meeting of the Preparatory Committee of the International Conference on Trade and Employment closes in London.
- 28. The Soviet Delegation submits a revised proposal on disarmament.
- 29. The Security Council agrees to re-examine the membership applications from Transjordan, Albania, Outer Mongolia, Portugal and Eire.

December 1946

- 2. The U.S. introduces a resolution barring Spain from U.N. agencies and

conferences and asking that Franco surrender his powers to a provisional government committed to free elections.

6. Dr. Julian Huxley is elected first Director-General of UNESCO.

The Security Council receives a Greek complaint alleging Yugoslav, Bulgarian, and Albanian complicity in frontier guerrilla activities.

10. The Assembly adopts a resolution criticizing the treatment of Indians in the Union of South Africa and asking the two governments to report to the 1947 Assembly on measures taken.

The Security Council takes up the Greek complaint.

10-13. The sixth session of the UNRRA Council meets in Washington.

11. An area on the East River on Manhattan is offered to the U.N. as a gift for a permanent site by John D. Rockefeller, Jr.

The Assembly affirms that genocide is a crime under international law. The Assembly adopts a resolution recommending that members recall heads of missions from Madrid and barring Spain from U.N. agencies.

12. The Security Council votes unanimously to admit Siam to the U.N.

The Assembly completes the membership of the Economic and Social Council by electing the Netherlands and Turkey.

13. The Assembly adopts a resolution recommending that the permanent members ensure that their use of the veto in the Security Council does not impede its work.

The Assembly approves the eight draft trusteeship agreements.

14. The Assembly (1) adopts the 1946 and 1947 budgets; (2) passes a resolution on regulation of armaments; (3) calls on the Security Council to determine the information to be furnished on troops; (4) elects Iraq and Mexico to the remaining vacancies on the Trusteeship Council; (5) requests that South Africa submit a trusteeship agreement for Southwest Africa; (6) accepts the Rockefeller site.

15. The Assembly adopts a resolution recommending that the Economic and Social Council grant the WFTU and three other non-governmental bodies the right to submit questions for the Council's provisional agenda.

16. The Assembly formally admits Siam, approves the establishment of the IRO, and closes its first session.

19. The Security Council adopts the U.S. proposal to send a commission to Greece to investigate frontier violations.

28. Gromyko proposes in the Security Council a commission on disarmament.

30. The Atomic Energy Commission approves 10 to 0, with the U.S.S.R. and Poland abstaining, the U.S. atomic control plan.

31. The Atomic Energy Commission submits its report to the Security Council.

THE UNITED STATES

May 1945

8. Truman announces the unconditional surrender of Germany.

28. Secretary of State Stettinius states, in a speech, that a strong and democratic world security charter is virtually assured.

June 1945

4. Truman sends Congress estimates calling for a \$4,375,000,000 lend-lease program beginning July 1, only countries at war with Japan or aiding in the redeployment of our troops in Europe to receive aid.

20. The Senate passes the bill, already passed by the House, revising and extending for three years the Reciprocal Trade Agreements Act.

27. Stettinius is named U.S. member of the U.N. Security Council. He resigns as Secretary of State.

July 1945

1. Truman appoints James F. Byrnes as Secretary of State.
19. The Senate ratifies the Bretton Woods agreements, 61 to 16.
21. The Senate passes a bill approving U.S. membership in the U.N. Food and Agriculture Organization.
28. The Senate ratifies the U.N. Charter, 89 to 2.

August 1945

9. Truman broadcasts on the Potsdam conference.
14. Truman announces the surrender of Japan.
19. The President ends lend-lease as of V-J Day.
25. Truman appoints Spruille Braden Assistant Secretary of State following the resignation of Nelson Rockefeller.

September 1945

1. Truman addresses the nation after the official surrender of Japan and proclaims September 2 as V-J Day.
5. The Navy recommends keeping a postwar ring of twelve major naval bases in the Pacific and six in the Atlantic.
12. Former Attorney-General Francis Biddle is appointed the U.S. judge on the international war crimes tribunal.
24. The U.K. and the U.S. sign an agreement on petroleum.

October 1945

3. Truman, in a special message to Congress on atomic energy, urges the setting up of a domestic commission with the power to supervise and control all operations concerning it.
23. Truman, addressing Congress, recommends universal military training.
27. The President states the fundamentals of U.S. foreign policy in a Navy Day address in New York.

November 1945

13. Truman asks Congress for \$1,350,000,000 for UNRRA in 1946.
15. A three-power statement on atomic energy is issued from Washington by Truman, Attlee, and King.
- 19-December 4. A U.S.-British Commonwealth Telecommunications Conference meets at Bermuda.
27. General Patrick Hurley resigns as Ambassador to China, contending that influences in the State Department frustrated his efforts to carry out U.S. policy. Truman appoints General George Marshall as special envoy to China with the rank of ambassador.
30. Truman says that the United Nations should take over the functions of the meetings of the Big Three heads of governments.

December 1945

4. The Senate passes the U.N. participation bill, 65 to 7. The U.S. representative on the Security Council is given the authority to vote the use of a U.S. contingent by the Security Council.
5. The Senate appropriates the remaining \$550,000,000 of the U.S. 1945 contribution to UNRRA, dropping the House rider on freedom for American correspondents to report from receiving countries.

10. Truman, Attlee and King issue a statement terminating the Combined Resources Board and Combined Raw Materials Board as of December 31, but announce temporary retention of the Combined Food Board.

11. The Senate Foreign Relations Committee drops investigation of Hurley's charges.

17. The Senate authorizes \$1,350,000,000 for UNRRA in 1946, already passed by the House.

19. In a message to Congress, Truman urges unification of the armed services under a single cabinet officer.

20. The United Nations Participation Act becomes law.

22. Truman issues a directive on speeding admission of refugees.

30. Byrnes reports in a broadcast on the Moscow conference.

January 1946

7. The State Department sets up a Committee on Atomic Energy under the chairmanship of Dean Acheson.

15. Truman declares the U.S. will insist that it be sole trustee of Pacific islands conquered by our forces and necessary to our security.

19-February 11. An Anglo-American civil aviation conference is held in Bermuda. An agreement is signed on February 11.

22. A National Intelligence Authority is established, composed of the Secretaries of State, War, and Navy, with a Director of Central Intelligence.

23. Truman names the U.S. representatives to the World Bank and Fund.

30. In a message to Congress Truman asks approval of the British loan.

February 1946

6. Truman publishes a nine-point program to meet the food crisis.

8. Adolf Berle resigns as Ambassador to Brazil.

14. W. Averell Harriman resigns as Ambassador to Moscow. Truman appoints Gen. Walter Bedell Smith as his successor.

27. Vandenberg reports to the Senate on the U.N. meetings in London.

28. Byrnes speaks before the Overseas Press Club on U.S. foreign policy.

March 1946

1. Truman sends to Congress the first policy statement of the National Advisory Council on International Monetary and Financial Problems.

The U.S.S.R. is invited to enter into negotiations on its six-months-old request for a loan.

3. Truman sets up a Famine Emergency Committee under Herbert Hoover.

16. Byrnes makes an important speech in New York on foreign policy; he announces a policy of patience and firmness, says that the U.S. will seek security through the United Nations.

17. The appointment of Bernard M. Baruch as U.S. representative on the U.N. Atomic Energy Commission is announced.

Hoover leaves for Europe to make a survey of food conditions.

23. The White House announces that Harriman will succeed Winant as Ambassador to Britain and that Winant will become U.S. representative on the Economic and Social Council.

27. The U.S. and U.K. sign agreements settling all lend-lease accounts.

28. The State Department issues the Acheson-Lilienthal report on international control of atomic energy.

April 1946

6. Truman in an Army Day address pledges the military might of the U.S.

behind the right of the United Nations to insist that the sovereignty and integrity of nations "not be threatened by coercion or penetration."

9. The Senate receives the nominations of George Messersmith and William D. Pawley as Ambassadors to Argentina and Brazil respectively.

27. The State Department confirms the report that on October 1, 1945 this country proposed to Iceland an agreement for joint use of military facilities there and that Iceland refused to discuss it.

30. The Philippine Trade Act and the Philippine Rehabilitation Act are signed.

May 1946

3. Truman announces that Myron C. Taylor will return to Rome with the rank of Ambassador as his personal representatives to Pope Pius.

10. The Senate approves the British loan, 46 to 39.

14. Based on Hoover's report, a nine-point wheat plan is announced by Secretary of Agriculture Anderson.

20. Byrnes broadcasts on the meeting of the Council of Foreign Ministers.

21. Vandenberg reports to the Senate on the meeting of the Council of Foreign Ministers, asserts that the U.S. now has a positive, constructive, bi-partisan foreign policy.

June 1946

2. Stettinius resigns as U.S. representative to the U.N.

26. The Philippine Military Assistance Act is signed.

July 1946

1. The first atom bomb test takes place at Bikini.

3. The Philippine Property Act is signed.

4. The independence of the Republic of the Philippines is proclaimed.

8. The U.S. abolishes the blacklist of persons and firms forbidden to trade with the U.S. because they traded with the enemy in the war.

11. The Senate confirms J. Leighton Stuart as Ambassador to China.

13. The House approves the British loan, 219 to 155.

15. Byrnes reports to the nation on the second Paris meeting of the Council of Foreign Ministers.

Truman signs the British loan agreement.

16. The Senate appropriates \$465 million for UNRRA.

18. Truman names Senators Austin, Connally and Vandenberg, Representative Bloom and Mrs. Roosevelt as U.S. representatives to the coming meeting of the U.N. General Assembly.

22. James C. Dunn is appointed Ambassador to Italy.

25. The Senate ratifies the treaty to establish an International Civil Aviation Organization. The State Department announces the U.S. will withdraw from the international air transport agreement because the multilateral negotiations by which it was hoped to get other powers to join had failed.

The second atom bomb test takes place at Bikini.

August 1946

1. Truman nominates William Clayton to be the newly-created Under-Secretary of State for Economic Affairs.

2. The Senate votes, 60 to 2, to accept compulsory jurisdiction by the World Court but excepts matters within domestic jurisdiction.

September 1946

12. In New York, at a PAC rally, Henry Wallace, Secretary of Commerce, deplores the "Get tough with Russia" foreign policy.

Truman approves Wallace's speech and says it is not at odds with Byrnes' policy.

18. Wallace agrees in conference with Truman not to make any more public statements until the end of the Paris peace conference.

20. Wallace is asked to resign from the cabinet.

The State Department announces that within 180 days all U.S. military and naval personnel in Iceland will be removed.

30. Secretary of the Navy Forrestal states that the Navy is continuing to maintain forces in the eastern Atlantic and Mediterranean for two purposes: (1) to support AMG in the occupied areas (2) to protect U.S. interests and support U.S. policies.

October 1946

2. Baruch criticizes the statements on atomic energy in Wallace's letter of July 23 to Truman.

3. Wallace replies to Baruch.

5. Iceland agrees to the continued civil, not military, use by the U.S. of Keflavik airport as a link in communications between the U.S. and Germany.

18. Byrnes broadcasts a statement on the Paris Conference.

22. Byrnes tells the press in Washington that the U.S. has no program of denying aid to nations in the so-called Russian sphere.

November 1946

6. The American draft agreement concerning trusteeship for the former Japanese-mandated islands is made public.

December 1946

3. Oliver Max Gardner, Under Secretary of the Treasury, is appointed Ambassador to the U.K.

The U.S. signs air transport pacts with Australia and New Zealand.

7. The U.S. asks the U.S.S.R. to settle its lend-lease account.

8. Truman receives Bevin; they discuss Palestine and the food problem.

Acting Secretary of State Acheson states that countries which divert to their armies manpower needed to produce the necessities of life will not get relief supplies from the U.S. in the future.

20. Robert Murphy is appointed deputy to Byrnes for the preparation of the peace treaty for Germany.

21. Mark Ethridge is appointed U.S. member of the Security Council's investigating committee on the Balkan frontier situation.

27. Acting Secretary of State Acheson tells the press the U.S. does not recognize the claims of any nation to territory in Antarctica.

31. Truman terminates the "period of hostilities of World War II."

THE BRITISH COMMONWEALTH AND EMPIRE

May 1945

17. U.K.—The Government outlines in a White Paper a plan under which Burma is to attain self-government within the Commonwealth.

21. U.K.—The Labor Party rejects Churchill's invitation to remain in the Cabinet until the end of the war against Japan.

22. *U.K.*—F. M. Sir Bernard L. Montgomery is appointed British member of the Allied Control Council for Germany.

23. *U.K.*—Churchill resigns, ending the 3-party coalition government. The king re-appoints him to serve with a Conservative cabinet until after the election.

June 1945

11. *Canada*—Parliamentary elections are held. Results: Liberals, 119 seats; Conservatives, 65; CCF, 28.

14. *U.K.*—Churchill reveals he has invited Attlee to attend the coming Big Three conference.

25. *India*—A conference of Congress and Moslem leaders to consider the British proposals for broadening India's self-government opens at Simla.

July 1945

5. *Australia*—Prime Minister Curtin dies.

5. *U.K.*—A general election is held. Labor wins 388 out of 640 seats.

Eire—De Valera states that Eire is a republic.

12. *Australia*—Joseph B. Chifley is elected Parliamentary Labor Party chief and becomes Prime Minister.

14. *India*—The Simla Conference ends in failure.

26. *U.K.*—The Labor party's landslide victory is announced. Churchill resigns. Attlee becomes Prime Minister.

29. *Australia*—Evatt protests that the Potsdam ultimatum to Japan was drawn up and published without Australia's knowledge or concurrence.

31. *Canada*—F. M. Sir Harold Alexander is appointed Governor-General.

August 1945

2. *U.K.*—King George receives Truman aboard HMS Renown off Plymouth.

15. *U.K.*—King George presents the Labor government's program before Parliament. It calls for full self-government for India.

17. *Australia*—Prime Minister Chifley announces that Australia wishes to share in the occupation of Japan.

20. *U.K.*—Bevin outlines British foreign policy in Parliament.

21. *New Zealand*—Prime Minister Fraser announces the dissolution of the War Cabinet which has functioned since 1940.

24. *U.K.*—Attlee speaks in Parliament on the ending of lend-lease.

September 1945

4. *New Zealand*—Gen. Sir Bernard Freyberg is appointed Governor-General.

6. *Canada*—The government announces that Canada is to have a national flag and that Canadians are to have Canadian citizenship under the Crown.

13. *U.K.*—Lord Keynes explains the British need for American financial aid during the reconversion period at the opening session of the Anglo-American conference on trade and finance.

19. *India*—Attlee in a radio speech says Britain is acting according to the spirit and intent of Cripps' offer despite its rejection.

India—The Viceroy tells the country he is authorized to bring together a constitution-making body as soon as possible.

20. *India*—The Congress party states its constitutional plan for a federated, united India. The Moslem League states its insistence on Pakistan.

October 1945

9. *Burma*—Civil government is restored.

28. *South Africa*—Gideon Brand Van Zyl is appointed Governor-General.

November 1945

7. *U.K.*—Attlee and Bevin praise Truman's 12 points in Parliament.
8. *U.K.*—On the condition of a satisfactory loan from the U.S., Britain announces acceptance in principle of the ITO proposals.
13. *U.K.*—Attlee addresses the U.S. Congress.
19. *Canada*—Attlee addresses Parliament in Ottawa.
20. *U.K.*—The Secretary for War summarizes in Parliament Britain's military commitments in Europe.
22. *U.K.*—Attlee reports to Parliament on his visit to America.
23. *U.K.*—Bevin pledges British support of the idea of a directly elected world assembly as a step beyond the U.N., and says Britain is willing to limit her national sovereignty.

December 1945

4. *India*—The British Government announces its intention to grant independence to India.
6. *U.K.*—British and American representatives sign a financial agreement covering lend-lease settlement and the 3.75 billion U.S. loan.
13. *U.K.*—Parliament approves the U.S. loan and the Bretton Woods agreements.
27. *India*—Elections to the Central Legislative Assembly are held. Results: Congress, 56 seats; Moslem League, 30; Independents, 6; others, 10; nominated members, 40.

January 1946

7. *Australia*—Evatt arrives back from Britain and the U.S., criticizes the Moscow decisions on control of Japan.
11. The formation of a joint chiefs of staff committee, representing the U.K., Australia, New Zealand, and India, is announced.
18. *Transjordan*—The High Commissioner informs the Emir Abdullah that the U.K. has decided to establish Transjordan as an independent state.
21. *Burma*—The First All-Burma Congress of the Anti-Fascist People's Freedom League declares full independence as its goal.
22. *Malaya*—A White Paper is issued stating government policy on the future constitution of the Malayan Union and Singapore.
25. *U.K.*—Sir Archibald Clark-Kerr (Lord Inverchapel) is appointed Ambassador to the U.S.
31. *U.K.*—Sir Alexander Cadogan is appointed U.K. representative on the Security Council. Montgomery is appointed Chief of the Imperial General Staff.
- Australia*—On behalf of the Commonwealth governments concerned, Australia arranges with the U.S. for a joint Commonwealth force of 40,000 to help occupy Japan.

February 1946

2. *U.K.*—Sir Maurice Peterson is appointed Ambassador to the U.S.S.R.
12. *U.K.*—Air Marshal Sir Sholto Douglas replaces Montgomery as British Commander in Germany.
14. *U.K.*—The Bank of England is nationalized.
15. *Canada*—Prime Minister King announces that a Royal Commission has been appointed to investigate the disclosure of secret information.
18. *India*—Men of the Indian Navy begin a hunger strike and riots.
19. *India*—British Government announces that a special cabinet mission will go to India to act with the Viceroy in discussions with Indian leaders on the formation of a constitution-making body.

21. *U.K.*—Bevin surveys foreign affairs in Parliament.
A "Statement Relating to Defence" is published as a White Paper.
22. *India*—Navy mutineers in Bombay capitulate.
26. *India*—At a mass meeting in Bombay, Nehru condemns the anti-British rioting and urges seeking independence by peaceful means.
Attlee makes a statement in Parliament on the violence in India.
28. A South Pacific Civil Air Conference opens in Wellington, attended by the U.K., Canada, Australia and New Zealand.

March 1946

4. *Canada*—An interim report of the investigating commission reveals a network of agents organized from the Soviet Embassy.
5. Churchill in a speech at Fulton, Missouri, suggests a "fraternal association" between the U.S. and the British Empire to stem "the expansive and proselytizing tendencies of the Soviet Union."
6. *U.K.* and *Canada* conclude financial talks, sign an agreement on the settlement of war claims and a loan agreement for \$1,250 million.
15. *India*—Attlee, speaking in Parliament, offers the Indians full independence if they agree on a constitution.
23. *India*—The Cabinet Mission arrives in India.

April 1946

2. *Canada*—Gen. McNaughton is appointed Canadian representative on the U.N. Atomic Energy Commission.
9. *Canada* announces a \$242,500,000 credit to France.
12. *Australia*—Norman J. O. Makin is named Minister to the U.S.
28. *India*—Congress and the Moslem League accept the invitation of the Cabinet Mission to a round-table discussion.

May 1946

1. *Hong-Kong*—Sir Mark Young reassumes office as Governor and announces plans for greater self-government.
5. *India*—The round-table talks open in Simla.
8. Attlee states that the Commonwealth Prime Ministers were fully informed and consulted on the decision to withdraw British troops from Egypt though no burden of decision was placed upon them.
12. *India*—The round-table discussion breaks down.
16. *India*—Attlee presents a White Paper on India to the Commons containing British recommendations for setting up an interim government.
17. *Ceylon*—Colonial Secretary George Hall announces a new constitution which brings Ceylon to "the threshold of dominion status."
18. *India*—A White Paper is issued containing the correspondence between the Cabinet Mission and the two main parties.
23. Consultations of the Commonwealth Prime Ministers take place in London, Attlee presiding.
25. *India*—The Cabinet Mission and Viceroy announce that the constituent body may proceed without interference but that the U.K. Government will recommend necessary action for the transfer of sovereignty to the Indian people.
- South Africa*—The Indian Land Tenure Act is passed.

June 1946

4. *U.K.*—Bevin reviews foreign relations in the House of Commons.
8. *Australia* and the U.S. reach a lend-lease settlement.

11. *India* announces the recall of its High Commissioner in South Africa because of the Land Tenure Act.

16. *India*—The Viceroy invites the Congress, Moslem League, and minorities to participate in a new central government.

28. *India*—The Viceroy announces an eight-man "caretaker" government to serve pending settlement of issues between the parties.

July 1946

5. *Canada*—The Finance Minister announces that the Canadian dollar is restored to parity with the American dollar.

15. *Canada*—The Royal Commission investigating the disclosures of secret information issues its final report.

18. *India*—Cripps reports to Parliament on the Cabinet Mission's work.

25. *India*—Election results for the Constituent Assembly are made known. Congress will have 201 seats, the Moslem League, 73, others, 14.

August 1946

19. *India*—4,000 are estimated killed after four days of Hindu-Moslem rioting in Calcutta.

24. *India*—Nehru forms a 14-man interim government including seven Congress members and five non-League Moslems. It is stated that all five of the Moslem seats will go to the League if it comes in. Jinnah refuses the Viceroy's appeal.

27. *India*—The U.S. State Department issues a statement on India.

September 1946

28. *Australia*—A general election is held. Voters return the Commonwealth Labor Government to power for three more years. Labor wins 44 seats; Liberals, 18; Country, 11; Independent Labor, 2.

October 1946

4. *U.K.*—In a Cabinet reshuffle, A. V. Alexander is appointed to the new Ministry of Defence, designed to coordinate the three services.

25. *India*—The Moslem League enters the interim government.

November 1946

3. *India*—A joint appeal for restoration of peace throughout India is voiced by Hindu and Moslem members of the interim government.

12. *U.K.*—Parliament is opened by the King. He outlines the Government's intentions in Germany, India, and Burma, announces his forthcoming visit to South Africa early in 1947. Attlee declares that the policy of the Government is to seek world government through the U.N.

18. *U.K.*—Attlee replies in the Commons to an amendment to the Speech from the Throne moved by Labor back-benchers calling for a more 'Socialist' foreign policy. The amendment is defeated 353 to 0 with 100 abstentions.

21. *India*—Jinnah announces that the Moslem League will not attend the Constituent Assembly opening December 9. Nehru declares that Congress stands for an "independent sovereign republic" of India.

26. *India*—The British Government calls the Viceroy to London, asking him to bring Congress and Moslem League representatives.

New Zealand—In a general election Labor wins 43 seats, National Party, 37.

28. *South Africa* announces that the natives of Southwest Africa, except the Hereros, favor incorporation into the Union.

December 1946

3. *India*—The Viceroy and the Indian leaders reach London and begin a series of talks the primary aim of which is to induce the Moslem League to take part in the Constituent Assembly.

6. *India*—Asaf Ali, a Congress Party Moslem, is appointed India's first Ambassador to the U.S.

The Indian conference in London ends in failure. The British Government declares it will not agree to any constitution for India not framed with the help of the Moslems.

Australia—Evatt announces that a conference of nations with territorial interests in the Pacific will open in Canberra early in 1947 to discuss the welfare of native peoples.

9. *India*—The Constituent Assembly opens. The Moslem League does not attend.

11. *India*—Attlee makes a statement on India in the House of Commons.

13. *India*—The House of Commons approves the Government's India policy.

In the Constituent Assembly Nehru moves a resolution that the Assembly is resolved to proclaim India an independent state.

20. *Burma*—The British Government offers Burma independence on roughly the same terms as India and invites a Burmese delegation to London.

22. *U.K.*—Bevin states in a broadcast that Britain is not tying herself to U.S. policies.

EUROPE

May 1945

7. *Germany* surrenders unconditionally at Reims.

9. *Germany*—The surrender is formally ratified at Berlin.

Denmark—King Christian proclaims the country's liberation.

10. *Czechoslovakia*—President Beneš and his cabinet arrive in Prague.

11. *Germany*—Stimson announces U.S. plans for governing the U.S. zone.

12. *Yugoslavia*—The U.S., in a statement by Grew, opposes Tito's claim to occupy Trieste.

14. *Austria*—The Renner Provisional Government declares Austria's independence, nullifies all Nazi laws.

16. *Yugoslavia*—As Yugoslav troops continue occupying Trieste, Grew repeats his warning against territorial settlement by force.

19. *Yugoslavia*—F.M. Sir Harold Alexander issues a statement condemning Tito's occupation of Trieste. Tito states that the Yugoslav Army has the right to remain in territory it has liberated.

20. *Austria*—Tito agrees to withdraw Yugoslav troops from Carinthia.

22. *Yugoslavia*—It is announced that Tito has accepted "in principle" the Allied position on Trieste.

23. *Germany*—The Third Reich ends with the arrest of the Government, High Command and General Staff.

30. *Germany*—Zhukov is named to represent the U.S.S.R. on the Allied Control Council.

31. *Norway*—The Government-in-exile returns to Oslo.

June 1945

5. *Germany*—The Allied Commanders sign the terms for joint control and disarmament of Germany.

9. *Italy*—The U.S.-British-Yugoslav agreement on occupation of Venezia Giulia in two zones is announced.

10. *Germany*—The Soviet High Command announces that anti-fascist political parties and trade unions will be allowed in the Russian zone.

12. *Poland*—Harry Hopkins' visit to Moscow results in an agreement on the organization of the Polish Provisional Government in accordance with the Yalta formula.

Norway—The cabinet of Premier Johan Nygaardsvold resigns.

Italy—Bonomi and his cabinet resign.

13. A Western European food conference opens in London.

14. *Norway*—The Storting convenes for the first time since 1940.

16. *Belgium*—The Van Acker cabinet resigns.

Netherlands—The Gerbrandy cabinet resigns.

17. *Italy*—Ferruccio Parri of the Action Party forms a ministry including representatives of all six Committee of National Liberation parties.

19. *Norway*—Einar Gerhardsen forms a coalition government.

21. *Poland*—A Moscow court convicts twelve of sixteen Polish leaders of underground activity against the U.S.S.R.

22. *Poland*—The Tripartite Commission in Moscow reaches agreement on the formation of the Polish Provisional Government.

23. *Netherlands*—Willem Schermerhorn heads a new cabinet.

25. *Germany*—The German Communist party rejects a Soviet system for Germany and urges a coalition government.

28. *Poland*—The Lublin administration resigns. Osobka-Morawski becomes Premier of the new Provisional Government of National Unity.

Netherlands—The Queen returns to Amsterdam after a five-year exile.

Austria—Gen. Mark W. Clark is named Commander of U.S. occupation forces.

29. *Czechoslovakia* cedes Ruthenia to the U.S.S.R.

July 1945

3. *Poland*—The new Polish Government promises Britain and the U.S. it will hold free and unfettered elections.

Germany—The joint occupation of Berlin begins.

5. *Poland*—The U.S. and Great Britain recognize the Provisional Government.

6. *Germany*—French occupation troops march into the Saar basin.

7. *Poland-U.S.S.R.*—A Soviet-Polish trade agreement is signed.

10. *Albania*—The Greek Prime Minister asks Allied occupation of northern Epirus to protect the population from Albanian outrages.

14. *Italy* declares war on Japan.

SHAEF is dissolved.

Germany—Social Democratic, Communist, Christian Democratic and Liberal Democratic parties issue a declaration of policy.

17. *Spain*—Franco expresses hope for return of the monarchy.

Belgium—Parliament votes 98 to 6 to bar the king from the throne and continue the regency of Prince Charles.

At the first formal session of the Big Three meeting at Potsdam, Truman is asked to preside.

19. *Belgium*—Leopold says he will not surrender the throne until the Belgians have a 'democratic opportunity' to elect their leaders.

20. *Spain*—In a reorganization of the cabinet, Artajo becomes Foreign Minister.

21. *France*—De Gaulle in a speech says that France is the potential link between two worlds.

U.S.S.R.—Stalin promises a stronger navy.

23. *France*—Pétain's trial begins.

28. Attlee and Bevin replace Churchill and Eden at Potsdam.

30. *Germany*—The Allied Control Council holds its first formal meeting in Berlin, under the chairmanship of Eisenhower.

31. *Sweden*—The coalition Government resigns and is replaced by a Social Democrat cabinet led by Hansson.

August 1945

2. The Big Three issue a communiqué on the Potsdam meeting, invite France to participate in the reparations commission and the Council of Foreign Ministers.

3. *Czechoslovakia* deprives its German and Hungarian minorities of citizenship.

6. *Germany*—Eisenhower announces that Germans in the U.S. zone may form local unions and engage in local political activity.

U.S.S.R. resumes diplomatic relations with Finland and Rumania.

8. *Germany*—The U.S.S.R., France, U.S. and U.K. agree on the statute of the International Military Tribunal for the trial of German war criminals.

Austria—Division of Austria and of Vienna into four occupation zones is announced.

8. *Greece*—The Regent asks Admiral Voulgaris to form a government.

10. *France* announces it has accepted the invitation to join the Council of Foreign Ministers but intends not to be excluded from settlements with Rumania, Bulgaria, Hungary and Finland.

15. *France*—Pétain is convicted of treason and intelligence with the enemy and is sentenced to death with the recommendation it be commuted to life imprisonment. General de Gaulle does so.

16. *U.S.S.R.* and *Poland* sign a treaty determining the new Russo-Polish border and the sharing of German reparations.

18. *Bulgaria*—The U.S. informs the provisional government that it has not taken proper steps to open the election of August 26 to "all democratic elements."

22. *Spain*—José Giral becomes Premier of the government-in-exile in Mexico.

Rumania—Byrnes announces that the King of Rumania has asked Big Three assistance in forming a new government.

23. *Spain*—Truman bluntly denounces Franco and his government.

Austria—The commanders-in-chief of the American, British and French forces enter Vienna.

25. *France*—Truman and de Gaulle issue a joint statement saying their talks in Washington have shown "fundamental harmony between the two countries."

Bulgaria postpones the election scheduled for August 26.

30. The Emergency Economic Committee for Europe issues a statement listing its members and outlining its functions.

September 1945

7. *Netherlands* and the U.K. sign a 3-year monetary agreement.

10. *Germany*—The Allied Control Council decides that: (1) inland transport and coastwise shipping should be restored only the minimum necessary to occupation demands and the German peace economy; (2) all unnecessary restrictions on normal inter-zone trading should be relaxed.

Norway—Quisling is sentenced to death.

11. The meeting of the Council of Foreign Ministers opens in London.

Austria—The Allied Council issues a proclamation assuming supreme authority in all matters affecting Austria as a whole.

Netherlands—The U.S. Export-Import Bank grants loans totalling \$100,000,000, plus \$100,000,000 for the Dutch East Indies.

Belgium—The U.S. Export-Import Bank grants two loans totalling \$100,000,000.

12. *Rumania*—The U.S.S.R. signs an agreement with Rumania concerning fulfillment of certain articles of the armistice.

14. *Germany*—Montgomery gives permission to form parties in the British zone.

Italy—The Council of Foreign Ministers invites all the United Nations at war with Italy to submit views in writing on the peace treaty.

Poland—The Warsaw government denounces the 1925 Concordat with the Holy See.

15. *Germany*—Local government officials in the U.S. zone are told to draw up new governing codes by October 15 for approval by U.S. Military Government.

Czechoslovakia—Deputy Foreign Minister Clementis states there is a conflict of opinion with Poland over Teschen and over the German frontier; he repudiates the suggestion that Czechoslovakia is a Russian satellite.

16. *France*—Léon Blum states that he favors an association of western European nations.

18. *Italy*—Foreign Minister de Gasperi states before the Council of Foreign Ministers that Italy favors an Italo-Yugoslav frontier based on the Wilson line and autonomy for Fiume.

20. *Greece*—The British Foreign Office issues a statement on the Regent's visit to London.

22. *Germany*—British authorities order the appointment of German local and provincial councils.

22. *France* asks internationalization of the Ruhr and permanent French occupation along the entire German Rhine.

Molotov challenges the procedure under which the Council of Foreign Ministers has been operating.

23. *Hungary*—The U.S. informs Hungary that it is ready to establish diplomatic relations if free elections are promised.

25. *Germany*—The commanders-in-chief state that German relations with other countries have ceased to exist and that the Allies will regulate all such matters.

27. An agreement for the establishment of a European Central Inland Transport Organization is signed in London by eleven nations.

29. *Hungary*—The U.S. accepts the government's pledge of free elections.

Germany—The U.S. issues the Harrison report on conditions in refugee camps.

October 1945

2. *Germany*—Eisenhower relieves Patton of his command.

3. The session of the Council of Foreign Ministers ends with no agreement.

7. *Portugal*—Premier Salazar announces that political parties may form and function within the framework of the regime.

Norway—General Elections net Labor 76 seats; Conservatives, 25; Liberals, 20; Communists, 11; others, 18.

9. *France*—Laval is sentenced to death for treason.

Greece—Voulgaris and his cabinet resign as a result of the Liberals' refusal to participate in the elections set for January 20.

10. *Rumania* and *Bulgaria*—The U.S. announces the appointment of Mark Ethridge to investigate conditions in Rumania and Bulgaria in connection with fulfillment of the Yalta obligations.

Germany—The Allied Control Council approves a law abolishing all Nazi organizations.

11. *Yugoslavia*—Ivan Subašić, Foreign Minister, resigns.
Bulgaria—Agrarians and Socialists declare a boycott of the November 18 elections.

15. *Austria*—The U.S. recognizes the provisional government.

17. *Greece*—Regent Archbishop Damaskinos becomes Premier.

18. *Germany*—The International Military Tribunal sits in Berlin and receives indictments of the 24 Nazi leaders.

Czechoslovakia decrees a wide nationalization program.

20. *Austria*—The Allied Control Council recognizes the Provisional Government as *de facto* authority.

21. *France*—Elections for the Constituent Assembly are held. Results: Communists, 152 seats; Socialists, 151; MRP, 138; referendum, "yes" to both questions concerning the constitution.

22. *Germany*—"People's Courts" and Nazi party courts are abolished and the independence of judges from executive control established.

Sweden declares its willingness to give up its historic neutrality and join the U.N.

28. *Czechoslovakia*—Parliament opens for the first time since 1938.

30. *Denmark*—A general election is held. Results: Social Democrats, 48 seats; Liberals, 11; Conservatives, 26; Agrarians, 38; Communists, 18; Land Tax Party, 3.

Czechoslovakia—Parliament confirms President Beneš in office.

31. *Norway*—Gerhardsen forms a Labor government.

November 1945

1. *Greece*—Panayoti Canellopoulos is named Premier.

2. *Hungary*—The U.S. recognizes the government.

4. *Hungary*—A general election is held. Results: Smallholders, 242 seats; Communists, 70; Social Democrats, 69; National Peasants, 22; others, 37.

6. *Italy*—The Armistice terms are published.

U.S.S.R.—Molotov in a speech says the atomic secret cannot be kept, promises Russians they will have "atomic energy and many other things."

France—At the first meeting of the Constituent Assembly de Gaulle and his cabinet resign.

9. The Inter-Allied Conference on Reparations opens in Paris.

10. *Albania*—The U.S.S.R. recognizes the Hoxha Government; U.S. and U.K. state willingness to recognize it on receipt of a pledge of free elections. The U.S. sets the further condition that Albania confirm its prewar bilateral treaties with the U.S.

11. *Yugoslavia*—An election is held for the Constituent Assembly; 90% vote for the national front.

Hungary—Zoltan Tildy is named Prime Minister.

13. *France*—The Constituent Assembly unanimously elects de Gaulle President of the Provisional Government.

15. *Finland*—The trial of former ministers for treason opens.

16. *Germany*—A British military court convicts 30 of atrocities at Belsen and Oswiecim.

18. *Bulgaria*—In a single-list election, 80% vote for the Fatherland Front.

Portugal—A general election is held, boycotted by opposition parties. The government wins easily.

20. *Germany*—The Allied Control Council approves the plan for transfer of some 6,650,000 Germans from Austria, Czechoslovakia, Hungary and Poland.

The War Crimes Trials open in Nuremberg.

The Central Commission for the navigation of the Rhine meets at Strasbourg.

Greece—The government resigns. Sophoulis forms a new government.

21. *France*—De Gaulle forms a Government of National Union.

23. *France*—De Gaulle outlines his program including wide nationalization. He gets a unanimous vote of confidence.

24. *Italy*—Parri resigns as Premier.

25. *Austria*—A general election is held. Results: People's Party, 85 seats; Socialists, 76; Communists, 4.

28. *Greece* resumes relations with the U.S.S.R.

29. *Yugoslavia*—The Constituent Assembly proclaims a Federal Peoples' Republic.

30. *Italy*—Alcide de Gasperi, Christian Democrat, becomes Premier.

December 1945

2. *Albania*—Single-list elections are held. The National Democratic Front gets all 82 seats.

3. *Germany*—The U.K. suggests reduction of Allied occupation forces in Germany.

9. *France*—Bidault declares that nothing decided by the Big Three at Moscow can be binding on France.

10. *France*—De Gaulle, in a broadcast, says France's independence depends on keeping equilibrium between the powers on either side of her.

12. *Germany*—The State Department outlines U.S. economic policy toward Germany.

A U.S. military court convicts the commandant and 39 of the staff of the Dachau camp.

16. The U.S., U.K. and Soviet Foreign Ministers meet in Moscow.

18. *Austria*—The Control Council approves a coalition cabinet, with Figl as Chancellor.

20. *Austria*—Renner is unanimously voted President of the Republic.

21. *Germany*—Reparations quotas are announced by the Paris conference.

22. *Germany*—The French authorize the existence of political parties in their zone.

Austria issues a formal statement of its south Tyrol claim.

Yugoslavia—The U.S. and Britain recognize the government in spite of the not wholly free elections.

24. The Big Three Foreign Ministers announce agreement on peace treaty procedure.

25. *France*—The Finance Ministry announces the franc's parity will be modified to 119.107 to the dollar, 480 to the pound.

27. The communiqué on the Big Three conference at Moscow is published.

29. *France* signs a civil aviation agreement with the U.S.

France signs a 5-year trade agreement with the U.S.S.R. granting reciprocal most-favored-nation treatment.

31. *Rumania*—Vyshinsky, Clark-Kerr and Harriman arrive in Bucharest to help broaden the government, as agreed at Moscow.

January 1946

1. *Italy*—The Allies transfer Bolzano province to Italian control.

3. *Czechoslovakia* and the U.S. sign a civil air transport agreement.

6. *Poland* nationalizes all industries employing over 50 workers per shift.

7. *Austria*—The U.S., Britain, France and the U.S.S.R. formally recognize Austria within its 1937 frontiers pending final settlement.

8. *Rumania*—Representatives of the opposition parties join the government.

11. *Albania*—The Constituent Assembly declares Albania a republic.

Germany—The Control Council announces that annual German steel production is to be fixed at 5,800,000 tons and capacity at 7,500,000 tons.

13. *Bulgaria*—Vyshinsky announces in Moscow that attempts to broaden the Bulgarian government have failed.

France receives the joint Soviet, British, U. S. reply to its request for explanation of the Moscow decisions on peace treaties.

The Final Act of the Reparations Conference is signed in Paris by all participants except Greece.

18. The Deputies of the Council of Foreign Ministers meet in London and start discussion of the Italian peace treaty.

Greece—The U.K. grants Greece a stabilization loan of £10,000,000.

20. *France*—De Gaulle resigns as President. Vincent Auriol, Socialist Minister of State, becomes Acting President.

22. *Germany*—It is announced that the U.S., U.K. and U.S.S.R. have agreed on the division of the main German fleet into three equal parts.

France—Félix Gouin, Socialist, is chosen^a President of the Provisional Government.

27. *Germany*—Some 4 million vote for local councils in the U.S. zone. The Christian Democrats come out ahead, followed by the Social Democrats.

28. *Greece*—Foreign Minister Sophianopoulos is dropped by the government.

29. *France*—The National Assembly gives the three-party Gouin Government a vote of confidence after he outlines its program.

February 1946

1. *Hungary*—A republic is proclaimed. Zoltan Tildy is elected President.

4. *Hungary*—Ferenc Nagy of the Smallholders party becomes Premier.

Rumania—The U.S. recognizes the broadened Groza Government in accordance with the Moscow decisions.

5. *Rumania*—The U.K. recognizes the Groza Government.

7. *Greece*—EAM announces it will not take part in the "electoral fiasco" unless a representative government is formed, terrorism is abolished, the electoral lists are revised, and the police and army are purged.

9. *France and Italy* sign a trade agreement.

U.S.S.R.—Stalin announces the fourth Five-Year Plan.

10. *U.S.S.R.* holds its first general election since 1937.

17. *Belgium*—General election is held. Results: House—Christian Socialists, 92 seats; Socialists, 69; Communists, 23; Liberals, 18; Belgian Democratic Union, 1; Senate—Christian Socialists, 51; Socialists, 35; Communists, 11; Liberals, 4.

18. *Belgium*—De Schrijver, chairman of the Christian Socialist party, is invited to form a government.

21. *Finland*—Risto Ryti is sentenced to ten years imprisonment for taking Finland into war; others receive lesser sentences.

22. *Bulgaria*—A U.S. note to Bulgaria urges fulfillment of the Moscow decisions.

25. *Austria*—The Allied Control Council decides that Austria may exchange diplomatic representatives with other countries.

26. *Spain*—The French Government closes the Franco-Spanish frontier.

27. *Czechoslovakia and Hungary* sign an agreement on population exchange.

March 1946

1. *France* suggests to the U.S., U.K., and the U.S.S.R. that the four powers meet in Paris to discuss the German question.

2. *Hungary*—The U.S. sends a note to the U.S.S.R. asking three-power action to end Hungary's economic disintegration.

Greece—Premier Sophoulis sends a message to the British Government emphasizing the difficulties of holding the elections March 31.

4. *Spain*—The U.S., Britain, and France call upon the Spanish people to oust Franco by peaceful means. The U.S. publishes a White Book on Spanish relations with the Axis.

Finland—Mannerheim resigns as President.

7. *Albania*—The National Assembly adopts the new constitution.

France—The Communist party adopts a program calling for just reparations from Germany and internationalization of the Ruhr.

8. *Bulgaria*—The Soviet Government accuses the U.S. of violating the Moscow agreement on Bulgaria.

Greece—The U.K. answers the Greek note of March 2, says that the elections should not be delayed.

9. *Finland*—Juho Paasikivi is elected President by Parliament.

Italy—The Allied Commission of Investigation arrives in Trieste.

10. *Italy*—The first free local elections in 26 years are held.

11. *Belgium*—Spaak forms a cabinet, de Schrijver having failed owing to Socialist opposition to a referendum on the monarchy.

Greece—Several ministers resign as the government decides not to postpone the elections.

13. *Yugoslavia*—Drazha Mihailović is captured by government forces.

14. *France*—The colonies of Martinique, Guadeloupe, Réunion, and French Guiana become Departments of France.

France—Léon Blum arrives in Washington to discuss a loan.

18. *U.S.S.R.*—The Supreme Soviet adopts the new Five-Year Plan.

Spain—The Foreign Ministry issues a reply to the U.S. White Book.

Poland and *Yugoslavia* sign a 20-year treaty of friendship and mutual aid.

19. *Switzerland* and the *U.S.S.R.* re-establish diplomatic relations.

U.S.S.R.—Shvernik is elected President of the U.S.S.R.

20. *Poland*—Bevin announces agreement with Warsaw on the conditions of transfer of the Polish forces to Poland.

Netherlands—The U.S. Export-Import Bank grants a loan of \$200,000,000.

21. *Belgium*—The Spaak Government resigns.

24. *Finland*—Mauno Pekkala is appointed Premier.

26. *Germany*—The Control Council agrees on the Plan for Reparations and Level of German Peacetime Economy.

27. *Belgium*—Van Acker forms a government.

France and the U.S. sign a civil aviation agreement.

Yugoslavia receives a warning from the U.S. and British governments against the invasion of Zone A in Venezia Giulia.

28. *Greece*—Sophoulis announces that, for international reasons, the election will be held.

30. *Yugoslavia*—The U.S. requests that U.S. airmen be allowed to testify at the trial of Mihailović.

Czechoslovakia—Premier Fierlinger, speaking in Prague, lays claim to the territory of Kladsko (Glatz).

31. *Bulgaria*—The government is reorganized without including the opposition.

Greece—A general election is held. The EAM and other left parties abstain.

Results: Populists, 191 seats; National Political Union, 56; Liberals, 42; EDES, 17; others, 11; to be allotted, 37.

Germany—82% of the Social Democrats in the British, French and U.S. zones of Berlin vote against fusion with the Communists.

April 1946

1. *Greece*—Premier Sophoulis resigns.

Yugoslavia—Tito outlines Yugoslav foreign policy to Parliament.

3. An Emergency Conference on the European cereals supply opens in London.

4. *Albania*—The U.K. announces that in view of the unfriendly attitude of the Albanian Government the British minister-designate will not go to Tirana nor will the Albanian envoy be received in London.

Greece—Panayotis Poulitsas becomes Premier heading a coalition cabinet of Populist and National Bloc leaders.

5. *Poland* states its refusal to consider the Czech claim to Kladsko.

Denmark—Completion of the Soviet evacuation of Bornholm is announced.

Yugoslavia refuses the U.S. request concerning witnesses at Mihailović trial.

8. Byrnes announces agreement on the U.S. proposal to hold a conference of the Big Four Foreign Ministers in Paris on April 25.

Greece—The U.K.-U.S.-French Observation Mission issues a report stating that the elections were essentially free and fair.

10. *Germany*—Gen. Vassily D. Sokolovsky succeeds Zhukov as Soviet member of the Control Council.

14. *Germany*—A joint conference of Berlin delegates of the Communist and "official" pro-fusion Social Democrats meets and approves fusion.

Greece—Prime Minister Poulitsas and three National Bloc leaders resign.

18. *Yugoslavia*—The U.S. grants full diplomatic recognition, having received formal assurance on April 2 that Yugoslavia is prepared to observe existing treaties and agreements with the U.S.

Greece—Tsaldaris forms a cabinet, mainly of Populist ministers.

19. *France*—The Constituent Assembly adopts the new constitution, 309 to 249.

20. *Hungary*—Premier Nagy returns to Budapest from Moscow with a two-year extension of the period of payment of reparations.

21. *Hungary*—The U.S.S.R. replies to the U.S. note of March 2, turns down the U.S. proposal for tripartite action.

Germany—Official fusion of the Communists and Social Democrats in the Soviet occupation zone takes place.

24. *Poland*—The U.S. Export-Import Bank announces loans totalling \$90 million to Poland, \$40 million for reconstruction and \$50 million for purchase of U.S. surplus property.

25. The Council of Foreign Ministers opens in Paris.

26. *France*—The National Constituent Assembly ends.

27. *Italy*—The Big Four agree in principle on disposition of the Italian fleet.

29. *France* and the U.K. sign a financial agreement.

Germany—Byrnes submits to the Council of Foreign Ministers a 25-year four-power treaty to keep Germany disarmed.

May 1946

1. *Austria*—Byrnes suggests to the Foreign Ministers that the occupying troops be reduced to 15,000 for each occupying power.

3. The Council of Foreign Ministers hears the Italian case on Trieste presented by de Gasperi and the Yugoslav case presented by Kardelj.

Portugal—Washington discloses that negotiations have begun between the U.K. and U.S. and Portugal for continuing the use of Azores bases.

5. *France*—The draft constitution is rejected by a popular referendum.

7. *Rumania*—The Big Four agree to Rumania's retention of Transylvania.

France—The Cabinet states that the U.S. proposal for a 25-year alliance against German aggression is inadequate.

8. Byrnes suggests to the Council of Foreign Ministers that the peace conference of 21 nations be called for June 15.

9. *Italy*—King Victor Emmanuel abdicates and leaves for Egypt.

Churchill, in a speech at the Hague, calls for a united Europe.

Czechoslovakia and *Yugoslavia* conclude a treaty of friendship and mutual assistance against Germany or her allies.

10. *Italy*—The Crown Prince proclaims himself Umberto II.

Poland—The U.S. Government suspends deliveries to Poland under the \$50 million surplus property credit.

13. *Greece*—Parliament meets for the first time in 10 years. The Regent announces a plebiscite on the monarchy for September 1, 1946.

15. The Council of Foreign Ministers decides to recess until June 15.

Italy—The Big Four agree to revised armistice terms for Italy.

17. *Netherlands* holds a general election. Results: Catholic Peoples' party, 32; Labor, 29; Anti-Revolutionary, 13; Communists, 10; Christian Historical Union, 8; Freedom, 6; State Reformed, 2.

Rumania—Antonescu is condemned to death.

18. *Netherlands*—Premier Schermerhorn resigns.

21. *Switzerland* reaches agreement with France, Britain and the U.S. on the disposition of German assets in Switzerland.

22. *Albania*—The U.K. formally protests to Albania against the action of coastal batteries in firing on two British cruisers off Corfu.

26. *Czechoslovakia* holds a general election. Results: Czech Communists, 93 seats; National Socialists, 65; People's party, 47; Slovak Democrats, 43; Czech Social Democrats, 36; Slovak Communists, 21; Slovak Freedom party, 3; Slovak Labor, 2.

Germany—Gen. Clay announces the decision to dismantle no further plants in the U.S. zone for reparations pending agreement on execution of the Potsdam decision to treat Germany as an economic unit.

27. *U.S.S.R.*—In a statement to the press Molotov charges that the U.S. and Britain tried to impose their will on the Soviet Union at Paris.

Rumania receives a note from the U.S. on free elections.

28. *France* and the U.S. sign a financial agreement on lend-lease settlement, credits, and purchase of surplus property.

Poland and the *U.S.S.R.* announce agreement on equipping the Polish army.

Germany—The Control Council drops plans for an investigation of German disarmament owing to Soviet objections to investigating war industries.

30. *Czechoslovakia*—Klement Gottwald, a Communist, becomes Premier; Masaryk is retained as Foreign Minister.

June 1946

2. *Italy* holds a general election and referendum. Results: Christian Democrats, 200 seats; Socialists, 120; Communists, 110. The monarchy loses, 12,672,767 to 10,688,905.

France holds elections for 2nd Constituent Assembly. Results: MRP, 162; Communists, 149; Socialists, 122; Radicals, 40; Rightist parties, 54.

- Portugal*—The British and U.S. bases in the Azores are formally handed back.
3. *Rumania* replies to the U.S. note of May 27.
8. *Yugoslavia*—The U.S.S.R. agrees to supply the Yugoslav Army with equipment.
10. *Italy*—The government declares Italy a *de facto* republic. Umberto refuses to accept the proclamation without formal action by the Court of Cassation.
- Yugoslavia*—Tito returns from Moscow.
11. *Italy*—De Gasperi becomes temporary head of state. Monarchists riot.
13. *Italy*—Umberto leaves the country.
14. *Rumania*—The U.S. rejects the Rumanian reply of June 3 as unsatisfactory.
15. The meeting of the Council of Foreign Ministers is resumed in Paris.
19. *Rumania* sends a note to the U.S. stating that the Big Three collectively are responsible for implementing the Moscow decisions and that the U.S.S.R. has raised no objections to Rumania's conduct.
- France*—Bidault is elected President of the Provisional Government.
- Czechoslovakia*—The Assembly unanimously re-elects Beneš President.
19. *Hungary*—The U.S. announces that \$32,000,000 in Hungarian gold will be returned to the Hungarian Government.
24. *Austria*—The Council of Foreign Ministers rules out the Austrian claim for a part of the South Tyrol.
25. *Italy*—The Constituent Assembly is inaugurated.
26. *France*—The Constituent Assembly confirms the Bidault three-party cabinet, 517 to 2.
- Poland*—The U.S. restores the \$50 million surplus property credit.
27. The Foreign Ministers agree that the Dodecanese Islands should go to Greece and the Tenda and Briga area to France.
28. *Italy*—Enrico de Nicola is elected President of the Republic.
- Austria*—The Control Council signs the revised control machinery agreement.
30. *Poland*—A referendum approves (1) abolition of the Senate (2) nationalization of industry and land reform (3) the western frontier.
- Germany*—In Bavaria, Württemberg-Baden, and Greater Hesse in the U.S. zone, the Germans elect assemblies to approve, reject, or change state constitutions drafted by U.S.-appointed councils.

July 1946

1. *Netherlands*—Beel completes the formation of a coalition government.
- Italy*—De Gasperi and his cabinet resign.
2. *Germany*—Gen. Clay declares a political amnesty for all Germans in the U.S. zone under 28, except those who held high posts in Nazi Germany.
- Albania* and *Yugoslavia* sign a treaty of friendship and mutual assistance.
3. The Council of Foreign Ministers agrees to establish Trieste as a "free territory" guaranteed by the Security Council.
4. The Council of Foreign Ministers agrees that the peace conference will meet in Paris, July 29.
6. *Austria*—A Soviet order is issued, confiscating as German assets important industrial plants in eastern Austria.
7. *Austria*—Gen. Clark protests against the Soviet seizure of property without prior consultation with the Allied Council.
9. *Belgium*—Premier Van Acker and his cabinet resign.
- Denmark* and the U.S.S.R. sign a two-year trade pact.
- Germany*—In the Council of Foreign Ministers, Molotov calls Byrnes' proposal for a 25-year treaty inadequate; he also asks \$10,000,000,000 reparations to the U.S.S.R. from Germany.

10. *Austria*—The U.S. sends a note to Austria on "German assets."
- Germany*—In the Council of Foreign Ministers, Molotov makes a declaration of Soviet policy on the future of Germany.
11. *Germany*—Byrnes announces that the U.S. is ready to fuse the U.S. zone economically with others as a step toward German economic unity.
12. The Council of Foreign Ministers adjourns.
- Italy*—De Gasperi forms a new government which is approved by the President.
13. *Poland*—Mikolajczyk demands that the referendum of June 30 be declared invalid, produces evidence of fraud.
15. *Yugoslavia*—Mihailović is sentenced to death.
18. *Sweden*—The U.S., Britain, France, and Sweden agree on disposition of German assets in Sweden.
23. *Hungary*—A U.S. note to the U.S.S.R. says that the Russians are stripping Hungary, and invokes the Yalta agreement.
24. *Germany*—The Inter-Allied Reparations Agency announces the first allocation of capital equipment taken from Germany.
26. *Austria*—Ignoring Soviet protests, Parliament passes a nationalization law applying to many Soviet-claimed enterprises.
- Germany*—At the Nuremberg trials Jackson opens the prosecution's summation.
- Czechoslovakia*—Premier Gottwald, on returning from Moscow, announces Soviet economic concessions.
27. *Hungary*—The U.S.S.R. rejects the U.S. complaint that Soviet policy is ruining Hungary's economy, and turns down the suggestion for a three-power committee to work out a plan for rehabilitation.
28. *France*—In his first speech on foreign affairs since leaving office, de Gaulle says that the new Europe must redress the balance between the U.S.S.R. and the U.S.
29. The Paris Peace Conference opens.
- Germany*—Britain announces its acceptance in principle of the U.S. proposal for economic unity of the U.S. and British zones.
30. *Germany*—A twelve-nation conference in London agrees to make 100,000 formerly German-owned patents freely available to all nations.

August 1946

1. *Belgium*—Huysmans, the Socialist leader, forms a government.
3. *Hungary*—The new currency unit (*forint*) starts in circulation.
5. *Poland* and the U.S.S.R. sign an agreement handing over control of the Oder to Polish authorities.
8. *Germany*—A published British statement calls for a showdown on the questions of German economic unity and reparations.
9. *Austria*—The British and U.S. commanders express acceptance of the nationalization law; the Soviet commander objects.
- Yugoslavia*—A U.S. C-47 is forced down near Ljubljana.
- Poland*—The U.S. restores the \$40 million Export-Import Bank credit after receiving the texts of Poland's trade pacts with other European states.
10. *Italy*—De Gasperi denounces the draft treaty with Italy before a plenary session of the Paris Conference.
- France* rejects the U.S. proposal for zonal economic merger in Germany.
12. *Italy*—The Paris Conference invites Albania, Mexico, Cuba, Egypt to appear to state their views on the Italian treaty.
13. *Rumania*—Foreign Minister Tatarescu speaks to the Paris Conference on the draft treaty for Rumania.

14. *Bulgaria*—Foreign Minister Kulishev addresses the Paris Conference on the draft treaty for Bulgaria, makes a claim to Western Thrace.

Hungary—Foreign Minister Gyöngyösi addresses the Paris Conference.

Replying at Paris to the Soviet attack on U.S. aims in Italy and the Mediterranean, Byrnes charges that the U.S. has suffered "repeated abuse and misrepresentation" at the conference.

Finland—Foreign Minister Enckell speaks to the Paris Conference.

Yugoslavia sends a note to the U.S. and Britain charging that the behavior of Allied troops in Trieste and Zone A of Venezia Giulia is "insulting to the dignity and honor of the Yugoslav army."

17. *Denmark* and the U.S.S.R. sign a five-year trade pact.

19. *Yugoslavia*—The U.S. and the U.K. publish notes dated May 20 and August 15, accusing Yugoslavia of attempting to discredit them and of fomenting disorder in Venezia Giulia. A second U.S. plane is shot down in Yugoslav territory, with the loss of five lives.

20. *Poland*—A U.S. note charges the government with curtailing democratic activity and with irregularity in conducting the June 30 referendum.

Yugoslavia—A Yugoslav note to the U.S. protests against the "constant and systematic flights of U.S. military aircraft over Yugoslavia."

21. *Yugoslavia* receives an ultimatum from the U.S. giving her 48 hours to give satisfaction regarding the acts committed against U.S. aircraft and crews or face appeal to the Security Council.

Austria—In Paris Gruber presents Austria's case on the South Tyrol.

22. *Yugoslavia* releases the seven Americans who were interned in Yugoslavia from the U.S. transport shot down August 9. Tito announces he has given the strictest orders not to fire on foreign aircraft again.

24. U.S.S.R.—Litvinov's retirement as Deputy Foreign Minister is announced.

Bulgaria—The U.S. protests to Bulgaria on pre-election conditions.

Yugoslavia—The U.S. announces that Yugoslavia has apparently complied with the ultimatum on the attacks on American aircraft but adds that the possibility of seeking U.N. action is still open.

25. *Greece*—The U.S. agrees to make informal and limited observation of the plebiscite, September 1.

26. *Norway* and the U.S.S.R. announce agreement on their common frontier.

September 1946

1. *Greece*—In a referendum, 1,691,592 vote for the monarchy, 521,268 against.

3. *Yugoslavia*—The U.S. acknowledges fulfillment of the ultimatum terms, insists on indemnity for the families of the fliers, denies the Yugoslav charges on unauthorized flights.

6. *Germany*—Byrnes, in a speech at Stuttgart, outlines U.S. policy on Germany.

Austria and *Italy* agree on autonomy and minority rights in South Tyrol.

8. *Bulgaria*—In a referendum 3,801,160 vote for a republic, 197,176 for the monarchy.

15. *Bulgaria*—The National Assembly proclaims a People's Republic.

16. Molotov releases a statement in Paris objecting to Byrnes' contention that the border between Germany and Poland remains to be fixed.

17. *France* and the U.K. sign a pact revising the Anglo-French debt settlement and the accord on payments between the sterling and franc areas.

19. In a speech at Zürich, Churchill advocates partnership between Germany and France as the first step in the creation of a United States of Europe.

21. *Poland*—President Beirut, in opening the National Council, says that all efforts to change the new frontiers will be strongly resisted.

24. *Bulgaria*—The U.S. sends a note (released October 21) to Bulgaria on free elections.

28. *Greece*—King George enters Athens, receives the resignation of the government and reappoints Tsaldaris to form a new one.

The Italian Political Commission at the Paris Conference adopts the Italo-Yugoslav and Free Territory of Trieste frontiers.

France—The Assembly adopts the second draft constitution, 440 to 106.

30. *Germany*—The International Tribunal in Nuremberg announces its basic decisions. Conspiracy to wage aggressive warfare is deemed the "supreme crime." The Leadership Corps, Elite Guard, Security Service and Gestapo are found criminal. The Storm Troopers, German Cabinet, General Staff and High Command are acquitted.

October 1946

1. *Germany*—Decisions in the Nuremberg trial are announced. Three defendants (Schacht, Fritzsche, and Von Papen) are acquitted; the other nineteen receive sentences ranging from ten years' imprisonment to death.

2. *Germany*—The Control Council agrees on a 4-power investigation of German disarmament and demilitarization in each zone.

5. *Sweden*—Premier Hansson dies.

A trade and credit agreement is concluded with the U.S.S.R.

9. *France*—De Gaulle asks the nation to vote "No" on the constitution.

10. *Italy*—The draft treaty with Italy is approved, with recommendations, by Paris Conference. On Trieste and other controversial issues, the vote is 15 to 6, with the Slav bloc in the minority.

Germany—The Control Council announces its rejection of all pleas for clemency by those condemned to death at Nuremberg.

Sweden—Tage Erlander, Minister of Education, is appointed Premier.

11. *Yugoslavia*—Archbishop Stepinac of Zagreb is sentenced to 16 years of hard labor for crimes against the state.

12. *Italy*—Byrnes announces that the U.S. will pay \$50 million to Italy immediately to reimburse it for lire furnished to the U.S. Army.

13. *France*—The constitution is adopted by 9,120,576 to 7,980,333, with 7,938,884 abstentions.

14. The Paris Conference approves the Finnish draft treaty, thus completing its scheduled work. Molotov comments that some of the results are unsatisfactory to the U.S.S.R.

The Foreign Ministers decide to meet in New York on November 4 to complete the peace treaties and hold preliminary talks on Germany.

15. The Paris Conference officially closes. The Yugoslav delegation boycotts the session, says Yugoslavia cannot accept the Italian treaty.

Germany—Goering commits suicide shortly before the hour of execution.

16. *Germany*—The other Nazis condemned to death at Nuremberg are hanged.

Czechoslovakia—The U.S. suspends the \$40 million surplus property credit and holds up negotiations for a \$50 million rehabilitation loan.

17. *Yugoslavia*—The U.S. protests to Yugoslavia against the holding of individuals claiming U.S. citizenship in forced labor camps.

20. *Germany*—Elections are held in Berlin for the new city council and the local councils. Results: Social Democrats, 999,170; Christian Democrats, 454,202; Socialist Unity, 405,992; Liberal Democrats, 192,527.

Germany—In the Russian zone elections are held for county councils and diets. The Socialist Unity party comes out ahead.

21. *Bulgaria*—The U.S. announces that the U.S.S.R. has rejected its request for a Big Three guarantee of free balloting in the October 27 election.

Greece—All ministers resign to permit broadening of the cabinet.

27. *Bulgaria*—A general election is held. Results: Fatherland Front, 366 seats (of which 279 go to Communists); Opposition, 99.

28. *France*—The new constitution comes into force.

U.S.S.R.—Answering 31 questions asked him by a British correspondent, Stalin says the U.S.S.R. has 60 divisions in the West, does not have the atom bomb secret, is still interested in a U.S. loan, does not think the veto is overworked.

Austria—The U.S. issues a policy statement on Austria, stating it is a liberated rather than an enemy country.

Rumania—The U.S. sends a note to Rumania accusing the government of methods which will prevent free and fair elections November 19.

30. *Austria*—Parliament, in secret session, passes a resolution asking withdrawal of all occupation troops.

November 1946

1. *Germany*—Belgium, the Netherlands, and Luxembourg appeal to the Big Four for participation in the discussions of the German peace treaty.

2. *Greece*—The opposition refuses to take part in the government.

3. *Greece*—Premier Tsaldaris forms a reshuffled Populist cabinet.

4. The Council of Foreign Ministers opens in New York.

Bulgaria—The British Government officially states that the Bulgarian elections were not satisfactorily held.

5. *The Netherlands* appeals to the Big Four for adjustment of the Dutch-German border.

6. The Council of Foreign Ministers hears Yugoslav and Italian statements on Trieste.

7. *Italy*—Palmiro Togliatti, head of the Italian Communist party, on his return from Yugoslavia, gives the Italian Government Tito's proposals for direct settlement of the frontier dispute. Italy turns them down.

8. *Albania*—The U.S. announces the recall of its mission from Tirana.

9. *Poland*—The U.S. State Department sends Poland a note on the interests of Americans in properties that the Polish Government plans to nationalize.

10. *France*—Elections for the National Assembly are held. Results: Communists and affiliates, 182; MRP, 166; Socialists, 102; Radicals and allied parties, 71; PRL and affiliates, 38.

11. At the Foreign Ministers' meeting Byrnes announces that the U.S. Government has ordered the return of the Danube River craft held by the U.S.

12. *Albania*—Britain reiterates its decision to sweep the Corfu channel despite a warning from Albania that such action would be "premeditated violation of Albanian sovereignty."

13. *Germany*—Anglo-American talks on bi-zonal merger open in New York.

14. *Czechoslovakia* and the U.S. reach agreement on commercial policy.

15. *Czechoslovakia* and *Poland* announce they have asked the Council of Foreign Ministers to be permitted to participate in drafting the German treaty.

16. *Rumania* receives U.S. and U.K. notes urging free elections.

19. *Rumania*—A general election is held. Results: Government parties, 339 seats; National Peasants, 32; Popular Hungarian Union, 29; others, 5.

21. *Bulgaria*—Georgi Dimitrov, former general secretary of the Communist International, forms a government.

22. *Poland* receives separate notes from the U.S. and U.K. recalling the Yalta pledge of "free and unfettered" elections.

Rumania—The U.S. charges that the Rumanian elections were not free.

24. *Germany*—Württemberg-Baden, in an election for the new Diet and constitution, adopts the constitution, five to one.

27. *Albania* and *Yugoslavia* sign a 30-year customs union and economic agreement.

28. *France*—The National Assembly accepts the resignation of Bidault's cabinet.

December 1946

1. *Germany*—In Bavaria and Greater Hesse the new constitutions are approved by referendum. Party vote: Bavaria—Christian Social Union, 830,474; Social Democrats, 416,898; Communists, 78,725; others, 173,323. Greater Hesse—Social Democrats, 272,183; Christian Democrats, 189,707; Communists, 55,205; Liberal Democrats, 112,681.

2. *Germany*—Byrnes and Bevin sign an agreement for the economic fusion of the U.S. and British zones.

3. *Germany*—In a joint statement, Byrnes and Bevin invite France and the U.S.S.R. to join with them in treating Germany as an economic unit.

4. *Belgium*, in a note to the Council of Foreign Ministers, claims a small frontier adjustment with Germany.

5. The Council of Foreign Ministers agrees on a permanent statute for Trieste.

7. In a memorandum submitted to the Council of Foreign Ministers, Byrnes suggests that occupation forces in Germany, Austria, Poland, and the Balkans be substantially reduced.

8. *France*—The Electoral College chosen November 24 elects the Council of the Republic. Results: Communists and affiliates, 78; MRP and affiliates, 74; Socialists, 51; Rassemblement des Gauches, 32; others, 33.

9. The Council of Foreign Ministers agrees to hold the next meeting in Moscow March 10, 1947, on Germany and Austria.

Poland—The Peasant party issues its electoral manifesto, calling for restoration of civil liberties.

10. *Albania* receives an ultimatum from the U.K. demanding an apology within 14 days for the "deliberately hostile act" of laying mines or letting them be laid in the Corfu channel.

11. The Council of Foreign Ministers agrees on the agenda for the Moscow meeting in March 1947 and on the appointment of special deputies for preliminary discussions; the Council decides the five treaties will be signed in Paris on February 10, 1947.

12. The Council of Foreign Ministers completes work on the five treaties, except for final drafting, as the New York session ends.

16. *France*—Blum, unable to form a coalition, forms an all-Socialist cabinet.

17. *France*—The National Assembly gives Blum and his cabinet a vote of confidence, 544 to 2, 69 abstaining. Blum outlines his program.

18. *Greece*—A country-wide general strike is held as a protest against the "betrayal of Greek rights by the Allies."

19. *Germany*—The French Government announces a decision to introduce customs control between the Saar and the rest of the French zone.

22. *France* and *Italy* sign a commercial pact.

24. *Germany*—Gen. MacNarney grants an amnesty to over 800,000 Germans in the U.S. zone liable to denazification prosecution for minor offenses.

Albania—The government replies to the British note, denies laying the mines, rejects the demand for an apology.

27. *France*—Auguste Champetier de Ribes, MRP, is elected President of the Council of the Republic.

Poland—The State Department announces that the gold and accounts of the Bank of Poland frozen in the U.S. will be released owing to satisfactory negotiations on compensation for nationalized property.

27. *Germany*—Acting Secretary of State Acheson states that the French action in the Saar has U.S. approval.

28. *France*—De Gaulle announces he will not be a candidate for President.

THE NEAR EAST AND AFRICA

May 1945

21. *Syria and Lebanon*—Negotiations are broken off between Syria and Lebanon on the one hand and France on the other. Street demonstrations and riots occur in protest against French troops.

29. *Syria and Lebanon*—French troops shell Damascus.

31. *Syria and Lebanon*—Churchill informs de Gaulle that British troops have been ordered to intervene.

June 1945

1. *Syria and Lebanon*—De Gaulle orders French troops to cease fire.

2. *Syria and Lebanon*—De Gaulle blames the British Government and its agents for the Levant crisis.

4. The Arab League Council meets at Cairo.

5. *Syria and Lebanon*—Churchill speaks in Commons on the Levant.

22. *Syria and Lebanon*—The British Government issues an official explanation of the intervention of British troops.

July 1945

2. *Syria and Lebanon*—French officials disclose that France and Britain have started direct negotiations to settle Near East differences.

10. *Turkey*—Turkish Foreign Minister Hasan Saka arrives in London.

18. *Algeria*—The French Minister of the Interior, reporting on the nationalist risings in Algeria in May, states that 50,000 Moslems took part and 10,000 troops were used to restore order.

30. *Egypt*, in a note to the U.K., asks modification of the 1936 Anglo-Egyptian treaty, including evacuation of all troops and the joining of Anglo-Egyptian Sudan to Egypt.

August 1945

13. *Palestine*—The World Zionist Conference asks Britain that Palestine be opened to 1,000,000 Jews.

23. *Lebanon*—A new ministry is formed with Sami Bey Solh as Premier.

26. *Syria*—A new ministry is formed with Faris el Khoury as Premier.

31. *Tangier*—The U.S., U.S.S.R., France and Britain sign a preliminary agreement for the return of Tangier to its former international status.

Palestine—Truman writes Attlee supporting the Jewish claim to immediate admittance of 100,000 Jews into Palestine.

September 1945

6. *Ethiopia*—It is announced that the Emperor has granted to the Sinclair Oil Co. (U.S.) an exclusive oil concession covering all Ethiopia.

13. *Iran*—The Foreign Minister sends notes to the U.K., U.S. and U.S.S.R., asking the evacuation of Allied troops.

30. *Syria*—Faris el Khoury resigns. Saadullah Jabry forms a government.

October 1945

10. *Iran*—Bevin states in Parliament that the withdrawal of British troops is almost complete and that Molotov, in a letter of September 20, assured him Soviet troops will be withdrawn by the agreed date.

18. *Palestine*—The U.S. State Department issues the texts of King Ibn Saud's letter to Roosevelt on Palestine and Roosevelt's reply of April 5, 1945. Byrnes declares the U.S. will reach no definite conclusion on Palestine without consultation with Jewish and Arab leaders.

20. *Palestine*—Egypt, Iraq, Syria and Lebanon send a joint note to Byrnes saying that the creation of a Jewish state in Palestine would lead to war.

22. *Iran*—Premier Sadr resigns, is succeeded by Ebahim Hakimi.

29. *Palestine*—The Arab Higher Committee, dissolved in 1936, is re-established.

31. *Turkey*—Byrnes announces the dispatch of a note to Turkey on the Straits question.

The Arab League Council meets at Cairo in its second session.

November 1945

2. *Palestine*—Lord Gort resigns as High Commissioner.

7. *Turkey*—The Treaty of Friendship with the U.S.S.R. expires.

8. *Palestine*—General Sir Alan Cunningham is appointed High Commissioner.

10. *Palestine*—The Council of the Arab League, meeting in Cairo, approves a common policy on Palestine.

12. *Egypt*—King Farouk, opening Parliament, says Egypt is determined to effect the withdrawal of foreign forces.

13. *Palestine*—Bevin in Parliament announces U.S. acceptance of a British invitation to set up an Anglo-American Committee of Inquiry.

18. *Iran* announces the outbreak of rebellion in Azerbaijan.

20. *Iran*—Iranian troops are halted by the Russians and ordered back to Teheran when they try to enter Azerbaijan to suppress the revolt.

23. *Iran*—The U.S. sends a note to the U.S.S.R. asking to be kept informed of events in Azerbaijan.

Turkey receives a British note on the Montreux convention.

26. *Iran*—The U.K., in a note to Moscow on northern Iran, draws attention to the Anglo-Soviet-Iranian Treaty of 1942.

The U.S. proposes to the U.K. and the U.S.S.R. that all Allied troops be withdrawn from Iran by January 1, 1946.

December 1945

3. *Iran*—The U.S.S.R. replies to the British and U.S. notes, rejecting the U.S. proposal for withdrawal of troops from Iran by January 1.

6. *Turkey* announces its acceptance of the U.S. proposals for revision of the Montreux convention as a basis for discussion.

7. *Iran*—Byrnes assures Iran that the U.S. Government will adhere to the Teheran declaration of December 1, 1943.

10. *Palestine*—The U.S. and U.K. exchange notes on formation of the Anglo-American Committee of Inquiry and appoint its members.

13. *Syria and Lebanon*—France and Britain sign an agreement providing for the evacuation of all their troops from the Levant at a later date and for mutual support and consultation on all Middle East questions.

Iran formally asks the U.K., U.S.S.R. and U.S. to discuss the evacuation of Iran at the Moscow meeting.

16. *Egypt* sends a note to the U.K. asking opening of negotiations for treaty revision.

18. *Iran* issues a declaration describing the Soviet note of December 3 to the U.S. as inconsistent with the facts.

19. *Palestine*—The U.S. House of Representatives adopts a resolution, passed on December 17 by the Senate, urging the use of American "good offices" to open Palestine to the free entry of Jews.

20. *Turkey*—The Soviet press puts forward claims to the Turkish provinces of Kars and Ardahan.

January 1946

2. *Syria and Lebanon*—A general strike occurs in Damascus, Aleppo and Beirut in protest against continued occupation by French troops.

6. *Turkey*—Premier Saracoglu denounces unofficial Soviet territorial claims.

7. *Palestine*—The Anglo-American Committee of Inquiry meets in Washington.

8. *Turkey*—A new Democratic (opposition) party is formed, led by former Premier Bayar.

16. *Palestine*—The Kings of Egypt and Saudi Arabia in a joint statement at Cairo reaffirm that Palestine should remain an Arab country.

21. *Iran*—Ebahim Hakimi resigns as Premier.

26. *Iran*—Ahmad Ghavam Saltaneh is chosen Premier by the Iranian Parliament. He promises to seek direct negotiations with U.S.S.R.

28. *Egypt*—Britain agrees to review the Anglo-Egyptian Treaty of 1936.

31. *Iraq*—Premier Hamdi el Pacchechi and his cabinet resign.

February 1946

2. *Egypt*—The Wafd calls the exchange of notes with Britain "unparalleled disaster," states it will not be bound by the negotiations.

13. *Egypt*—Three cabinet ministers resign as political tension grows under increasing student demonstrations against the British.

14. *Iran*—Bevin states in London that all British troops are to be withdrawn by March 2, according to the 1942 treaty.

15. *Egypt*—Ismail Sidky Pasha succeeds Nokrashy Pasha as Premier.

21. *Egypt*—British troops fire on mobs attacking British property.

Iran—Premier Ghavam is received by Stalin and Molotov in Moscow.

23. *Egypt*—Britain protests the riots. Egypt replies, blaming British provocation, but promises just reparation.

Syria and Lebanon accept a French invitation to send delegates to Paris to settle the evacuation question.

March 1946

1. *Iran*—The Moscow radio announces that Soviet troops will begin to leave certain areas the next day, but that those in the rest of Iran will remain "pending clarification of the situation."

4. *Iran* protests to the U.S.S.R. the decision to keep Soviet troops in Iran.

Syria—Britain announces Franco-British agreement on simultaneous withdrawal from Syria, between March 11 and April 30.

5. *Iran*—A U.S. note to the U.S.S.R. protests the retention of Soviet troops in Iran and accuses the U.S.S.R. of violating its pledged word.

7. *Iran*—Premier Ghavam leaves Moscow; no agreement is announced.

Egypt—The Premier announces he is forming a delegation for treaty revision talks without the Wafd.

10. *Lebanon*—France and the U.K. agree to evacuation of Lebanon by June 30, 1946, by the British and April 1, 1947, by the French.

12. *Iran*—The U.S. sends an inquiry to Moscow on reported Soviet troop movements in Iran.

14. *Iran*—Bevin announces in Parliament the dispatch of a note to Moscow asking Soviet intentions on withdrawal of troops from Iran.
22. *Transjordan* and the U.K. sign an alliance and mutual assistance pact.
- Lebanon*—A new agreement with France is signed calling for total evacuation by December 31, 1946, instead of June 30, 1947.
24. *Iran*—The Moscow radio announces that Soviet troops are being withdrawn and that the evacuation will be complete within six weeks.
25. The third regular session of the Arab League Council convenes in Cairo.
26. *Egypt*—Bevin makes a statement on the Sudan in Parliament.
29. *Turkey* and *Iraq* sign cultural, economic and security pacts.

April 1946

3. *Iran*—The U.S.S.R. states that its troops will leave Iran by May 6.
5. *Iran* and the U.S.S.R. announce agreement on withdrawal of troops, a Soviet-Iranian oil company, and Azerbaijan.
- Turkey*—The U.S. battleship *Missouri*, a cruiser and destroyer arrive at Istanbul on a four-day official visit.
17. *Syria* marks the departure of foreign troops with a national holiday.
18. *Iran*—The government announces that Iran considers the Bahrein Islands in the Persian Gulf an integral part of Iran.
22. *Iran*—The Premier announces a seven-point proposal by which Azerbaijan may return to the central government while keeping considerable autonomy.
29. *Libya*—Bevin proposes to the Council of Foreign Ministers immediate independence for Libya.
30. *Palestine*—The Anglo-American Committee of Inquiry issues its Report.

May 1946

1. *Syria*—Saadullah Jabry forms a new cabinet.
7. *Egypt*—The British House of Commons votes 327 to 158 to uphold the government's decision to withdraw all troops from Egypt.
9. *Egypt*—Anglo-Egyptian treaty negotiations formally begin.
10. A general strike protesting the Palestine Report paralyzes the chief cities of the Near East.
20. *Palestine*—Jewish and Arab groups receive parallel invitations from Britain and the U.S. to frame views on the Palestine Report.
22. *Lebanon*—A ministry is formed with Saadi Muula as Premier.
- Palestine*—The U.S. State Department announces that support for immediate transfer of 100,000 Jews to Palestine stands as government policy.
23. *Iran*—The Moscow radio in the first Soviet confirmation says Soviet troops were out of Azerbaijan on May 9.
25. *Transjordan*—Independence is formally announced in Amman and Emir Abdullah proclaimed king.
30. Heads of several Arab states meeting in Cairo announce agreement on rejection of further Jewish immigration into Palestine, freedom for Libya, completion of Egypt's independence, and liberation of other Arab countries.
31. *Iraq*—Premier Suweidy resigns after the opposition accuses the government of weakness on Palestine and slowness on the question of revising the Anglo-Iraqi treaty. Arshad al Umary forms a new government.

June 1946

8. An extraordinary session of the Arab League Council meets at Bludan, Syria.
11. *Iran*—Azerbaijan returns to the central government under an agreement on the lines of Ghavam's plan of April 22, 1946.

Palestine—Truman creates a special Cabinet Committee consisting of Byrnes, Patterson and Snyder to advise him on the Palestine problem.

13. *Palestine*—In notes to the U.S. and the U.K. (published July 8), the Arab League requests the U.K. to start negotiating for a new regime in Palestine in accordance with the U.N. charter, challenges the legal right of the U.S. to intervene in Palestine.

19. *Egypt*—The Mufti of Jerusalem is granted asylum by King Farouk.

Palestine—The Arab League submits its views on the Anglo-American Report.

July 1946

2. *Palestine*—Truman issues a statement on Palestine in which he reiterates that 100,000 Jews should be immediately admitted.

14. *Iran*—Laborers of the Anglo-Iranian Oil Company go on strike protesting interference by the oil company in Iran's political affairs.

17. *Iran*—Bevin comments in Parliament on the Anglo-Iranian strike.

21. *Turkey* holds a national election. Results: Republican Peoples party (Government), 395 seats; Democratic party, 66; Independents, 4.

22. *Palestine*—British offices in the King David Hotel are blown up.

25. *Palestine*—The Anglo-American Cabinet Committee recommends a federal constitution for Palestine, and that admission of 100,000 Jews be conditional on acceptance of the federation plan. The U.K. Government asks all Arab League members and other interested parties to a round-table discussion in London.

31. *Palestine*—A debate on Palestine opens in the British Parliament.

August 1946

1. *Iran*—Ghavam forms a new cabinet including three Tudeh members.

Palestine—Churchill in Commons advises surrender of the Palestine mandate to the U.N. unless Britain gets American backing.

3. *Turkey*—The Saracoglu government resigns. Recep Peker becomes Premier.

5. *Palestine*—The Jewish Agency turns down as a basis for discussion British proposals based on the report of the Cabinet Committee.

Turkey—Ismet Inonu is re-elected President by the new National Assembly.

8. *Iran* protests to Britain against the presence of Indian troops at Basra. A British Foreign Office spokesman declares that Britain is prepared to take action to quell any threat to her interests in Iran.

Turkey receives a note from the U.S.S.R. on the Straits proposing that only the Black Sea powers participate in the Straits regime and demanding joint Soviet-Turkish defense.

12. *Palestine*—The government announces that refugees attempting illegal entrance will be detained in Cyprus.

15. *Palestine*—The U.K. invites the Jewish Agency to the London conference.

16. *Palestine*—The White House issues a statement on Palestine, presenting no plan but urging a just solution.

20. *Turkey*—The U.S.S.R. receives a U.S. note on the Straits.

22. *Turkey* rejects Soviet proposals on the Straits.

31. *Palestine*—The Arab Higher Committee rejects Britain's invitation to the London conference because the Mufti is barred as a delegate.

Lebanon—The last contingent of French troops leaves.

September 1946

4. *Palestine*—The Jewish Agency refuses the British invitation to London.

10. *Palestine*—The London conference opens.

12. *Egypt*—Premier Sidky Pasha forms a new cabinet.

15. *Egypt*—British-Egyptian negotiations are resumed in Alexandria.

16. *Palestine*—The London conference adjourns at the Arab states' request to allow them time to consider the British proposals.

20. *Palestine*—The Arabs formally present their proposals in London for an independent Palestine.

22. *Iran*—Southern tribesmen revolt, demanding a strong anti-Tudeh policy.

24. *Turkey* receives a Soviet note on the Straits stating that the Turkish position contradicts the interests of the Black Sea powers.

October 1946

3. *Palestine*—Truman cables to Attlee regretting the breakdown of the Palestine talks and urging Palestine be opened to a substantial number of Jews.

5. *Palestine*—Attlee writes to Truman, in reply to his statement, that the talks have not broken down and that he hopes measures for further immigration into the U.S. will not await final Palestine settlement.

9. *Turkey* receives British and U.S. notes on the Straits, giving their views on the Soviet note of September 24.

11. *Palestine*—Truman replies to Attlee's letter of October 5.

13. *Iran*—Southern tribesmen agree to terms for ending their revolt.

17. *Saudi Arabia*—King Ibn Saud, in a letter, criticizes Truman for urging the entry of more Jews into Palestine.

Egypt—Premier Sidky Pasha arrives in London.

18. *Turkey*—The U.S.S.R. receives the Turkish reply to its second demand for revision of the Montreux convention.

19. *Iran*—Premier Ghavam forms a new ministry without the Tudeh members.

26. *Egypt*—Premier Sidky leaves London after talks with Bevin.

28. *Egypt* and *Sudan*—Attlee states in Parliament that no change in the existing status of the Sudan is contemplated, and no impairment of the right of the Sudanese people ultimately to decide their own future.

Saudi Arabia—Ibn Saud receives a reply from Truman to his letter of October 17 on Palestine.

November 1946

1. *Egypt*—Sidky informs the Egyptian treaty delegation that Bevin has agreed to Egyptian sovereignty over the Sudan, provided the condominium continues until the Sudanese can select their own form of government.

21. *Iran*—Premier Ghavam issues a decree announcing that the elections will be held under the supervision of Government forces.

Iraq—Nuri Pasha forms a new cabinet. Parliament is dissolved.

December 1946

6. *Palestine*—Correspondence exchanged December 2 between Byrnes and Bevin on Palestine is published.

8. *Egypt*—Sidky Pasha resigns as Premier on grounds of ill health.

9. *Palestine*—The 22nd World Zionist Conference opens at Basle, Switzerland. Dr. Weizmann calls for a Jewish State in Palestine.

Egypt—Nokrashy Pasha forms a coalition cabinet.

Sudan—The British Government confirms its pledge that the Sudanese will be prepared for self-government.

10. *Iran*—Government forces move into Azerbaijan to supervise the election.

11. *Iran*—Government forces enter Tabriz and are welcomed. The autonomous regime collapses. Pishevari and other Democratic Party leaders flee.

15. *Lebanon*—Riyad al-Sulh forms a coalition government.

28. *Syria*—A new cabinet is formed under Jamil Mardam Bey.

THE FAR EAST

July 1945

14. *China* and the U.S.S.R. in a joint communiqué report broad understanding on important questions concerning Soviet-Chinese relations.
26. *Japan*—An Anglo-American-Chinese ultimatum demanding that Japan surrender or be destroyed is issued from Potsdam. The document outlines the terms Japan will get if it surrenders.
30. *China*—Dr. Wang Shih-chieh is named Foreign Minister replacing T. V. Soong, who remains Premier.

August 1945

6. *Japan*—The U.S. Air Force drops an atomic bomb on Hiroshima.
8. *Japan*—The U.S.S.R. declares war on Japan and attacks in Manchuria. Nagasaki is hit by the second atomic bomb.
10. *Japan* offers to accept the Potsdam surrender ultimatum with the understanding that it does not prejudice the prerogatives of the Emperor.
11. *Japan*—The U.S., in the name of the four major Allies, informs Japan that the Emperor will be under the authority of the Supreme Allied Commander.
12. *China*—Chiang issues an order telling the Communist army to remain in its present positions and await further instructions.
14. *Japan*—Truman announces that Japan has accepted the Potsdam terms, thus surrendering unconditionally.
Emperor Hirohito announces acceptance of the surrender terms.
General Douglas MacArthur is designated by Truman as Supreme Allied Commander to accept the surrender.
China and the U.S.S.R. conclude a treaty of friendship and alliance, reach comprehensive agreement on Manchuria, Outer Mongolia, etc.
Indo-China—British troops arrive in south Indo-China.
16. *Japan*—Truman says U.S. occupation authorities alone will be responsible for the reconstruction of Japan along democratic lines.
Japan—Prince Hasuhiko Higashi-kuni is named Premier.
Siam declares that it wishes to restore friendly relations with the Allies.
Indonesia—The independence of the "Republic of Indonesia" is declared in Java.
17. *Japan*—Prince Konoye is named Vice Premier, Shigemitsu Foreign Minister.
18. *China*—France agrees to return to China the territory of Kwangchowwan.
19. *Japan*—A Japanese mission arrives in Manila to negotiate surrender.
- Siam*—The U.S. accepts Siam's repudiation of its 1941 declaration of war.
23. *Hong Kong*—Attlee declares to the House of Commons that British administration will be re-established in Hong Kong.
24. *China*—The Government ratifies the U.N. Charter and the Chinese-Soviet treaty. Chiang states that China will not send forces to occupy Hong Kong if it will cause Allied misunderstanding.
26. *China*—Kuomintang forces enter Shanghai and Nanking.
28. *Japan*—U.S. troops land in Japan to begin the military occupation.
- China*—Mao Tse-tung arrives in Chungking to negotiate with Chiang.
30. *Hong Kong*—A British naval force arrives to occupy Hong Kong.

September 1945

2. *Japan*—The formal surrender takes place aboard the Missouri in Tokyo Bay. The Viet Nam Republic issues a declaration of independence.
4. *Japan*—Byrnes reveals that the U.S. has agreed to Soviet possession of the Kuriles and south Sakhalin, announced by Stalin on September 2.

Japan—MacArthur issues orders for immediate demobilization and disarmament of the Japanese Army.

6. *Japan*—The directive on post-surrender policy is sent to MacArthur.

The Japanese surrender in the southwest Pacific is signed off Rabaul.

8. *Japan*—MacArthur and the First Cavalry enter Tokyo.

Korea—U.S. troops land in Korea.

9. *China*—Surrender of the Japanese in China is signed at Nanking.

Korea—The U.S. Army tells Koreans that Japanese officials will remain temporarily in office.

11. *Japan*—MacArthur orders the arrest of the first forty war criminals.

Korea—MacArthur directs that all Japanese officials in southern Korea be replaced as rapidly as possible "consistent with the safety of operations."

12. *Japan* formally surrenders its southern armies to Mountbatten at Singapore.

China announces that Chinese troops are moving into Indo-China to accept the surrender of the Japanese north of the sixteenth parallel.

13. *Japan*—Imperial Headquarters is formally abolished.

16. *Hong Kong*—The Japanese forces surrender to the British.

17. *Japan*—MacArthur announces the occupation forces can probably be reduced to 200,000 in six months.

18. *Korea*—Truman issues a statement on Korea.

19. *Indo-China*—Soong promises de Gaulle in Paris that China will respect French rights.

Japan—U.S. State Department states that the U.S. Government, not General MacArthur, is determining U.S. policy in Japan.

23. *Siam*—A new government is formed under N. E. Seni Pramoj, resistance leader.

25. *Japan*—At a meeting of the Council of Foreign Ministers, Molotov criticizes U.S. occupation policy in Japan and suggests that an Allied Control Commission be established there. Byrnes, stating that the subject is not on the agenda, refuses to discuss it.

26. *Philippines*—Truman makes a statement on public order in the Philippines.

27. *Japan*—Emperor Hirohito calls on General MacArthur.

29. *U.S.* announces plans for a Far Eastern Advisory Commission to formulate policies for executing the Japanese surrender.

Indonesia—British and Dutch troops land at Batavia. Soekarno orders the Indonesians to cooperate with the Allies.

October 1945

1. *Indonesia*—The Netherlands refuses to negotiate with Soekarno.

China—U.S. Marines land at Chinwangtao, 120 miles north of Tientsin.

4. *Japan*—MacArthur orders the Japanese Government to repeal all laws restricting freedom of thought, assembly, religion, or speech, to liberate all political prisoners, and to dismiss all secret police.

6. *Japan*—Baron Shidehara becomes Premier.

9. *Indo-China*—The U.K. and France sign an agreement in London recognizing French sovereignty in British-occupied parts of Indo-China.

11. *China*—Central Government and Communist representatives in a joint communiqué reveal that the basic issue, control of northern provinces, is still unsettled.

Japan—MacArthur orders political reforms including the vote for women, encouragement of labor unions, and abolition of thought control.

12. *Indonesia*—Premier Schermerhorn states that the Netherlands is ready to

deliberate with Indonesians who want Indonesia to occupy a self-governing place in the empire.

15. *Japan*—MacArthur announces completion of the disarmament of seven million Japanese.

19. *Japan*—The State Department postpones the first meeting of the Far Eastern Advisory Commission, scheduled for October 23.

21. *China*—The Communist party announces that its troops will withdraw from all areas south of the Yangtze.

22. *Japan*—MacArthur orders a policy of liberalization of Japanese schools and abolition of militaristic and nationalistic teaching.

24. *Indonesia*—The U.S. has asked the British and Dutch to remove U.S. insignia from equipment used against the Indonesians, Byrnes announces.

China—Soviet and Chinese authorities agree to the landing of government troops at certain Manchurian ports.

25. *China*—The Russians agree to evacuate Jehol and Chahar as soon as Chinese Central Government troops arrive.

Indonesia—The "Indonesian Republic" states its willingness to negotiate with the Netherlands provided self-determination for Indonesians is recognized and the U.S. or another third party mediates.

27. *China*—The Central Government agrees to let Communist forces retain their north China territory if railway zones are evacuated. The Communists are requested to submit names for the new Political Consultative Conference.

28. *Indonesia*—Fighting starts between British troops and Indonesians.

31. *Japan*—A four-power agreement on the disposition of the Japanese fleet is announced.

China—The Communists reject the government request to let national troops move freely on the north China railways.

November 1945

6. *Japan*—SCAP orders liquidation of Zaibatsu corporate assets.

12. *China*—Government and Communists agree to submit their differences to a Political Consultative Conference.

13. *Indonesia*—Sutan Sjahrir, a young Socialist leader, becomes Premier of the "Indonesian Republic" and says he will try to stop the fighting between the British and Indonesians.

17. *Indonesia*—Dutch-Indonesian negotiations begin.

26. *China*—Chiang, at the opening of the Supreme Economic Council, announces his economic program.

Japan—The Emperor opens the Diet.

27. *China*—Agreement with the U.S.S.R. is announced whereby the Chinese Government will send troops to Changchun and Mukden.

29. *Indonesia*—The British occupy Surabaya.

December 1945

7. *Japan*—Pauley submits to Truman his interim report on Japanese reparation.

12. *China*—Nationalist troops enter Mukden and Changchun.

15. *Japan*—MacArthur abolishes compulsory adherence to Shinto and state support of it.

China—Truman makes a statement on U.S. policy in China.

17. *China*—Chiang tells the press he is in accord with Truman's statement and intends to bring "other elements" into the government.

18. *Japan*—The Diet ends.

19. *Indonesia*—The U.S. urges all parties to resume conversations and to seek a peaceful solution in harmony with the U.N. charter.

23. *China*—General Marshall arrives in Chungking.

27. The Moscow Conference communiqué is issued, announcing agreement on many issues including Korea, China, and control of Japan.

28. *Indonesia*—The communiqué of an Anglo-Dutch conference in London states that home rule for Indonesia is not forthcoming at this time and that the immediate problem is restoration of "conditions of security."

China declines the U.S. invitation to send a token force to Japan.

January 1946

1. *Siam* and the U.K. sign a treaty ending the state of war between them.

Japan—Emperor Hirohito in his New Year's message to his people declares that his divinity is a matter of "legend and myth."

Indo-China—Agreement is announced between Mountbatten and the French High Commissioner whereby the French will take over southern Indo-China.

2. *Japan*—MacArthur in a report to the War Department requests the import of 3,300,000 tons of food.

4. *Japan*—MacArthur orders the government to abolish all ultra-nationalist terrorist and militarist groups and remove from office or candidacy in the coming election all "active exponents" of military nationalism.

5. *China* recognizes the independence of Outer Mongolia.

Both Communist and Government representatives agree to meet for formal conferences with Marshall.

10. *China*—Government and Communist representatives announce a truce. The Political Consultative Conference opens.

12. *Japan*—The Premier appoints 5 non-party ministers to replace those forced to resign under the purge directive of January 4.

16. *Indo-China*—The U.S. announces its non-recognition of Siam's acquisition of Indo-Chinese territories under the Japanese occupation.

Korea—Conferences between Soviet and American military representatives begin.

19. *Indonesia*—Britain announces that Sir Archibald Clark-Kerr will go to Batavia as adviser in a new attempt at settlement.

28. *Korea*—The Communist party makes public its refusal to accept places on the all-party unification committee.

31. *China*—The Political Consultative Conference adopts general principles for the reorganization and nationalization of the armies, the make-up of the National Assembly to draft a constitution, and the structure of the new coalition government.

February 1946

1. *China*—Three-party Executive Headquarters, with U.S. participation, is formed to carry out the truce.

Japan—The first British Commonwealth occupation troops arrive.

10. *Indonesia*—The Netherlands announces a proposal to establish a Commonwealth of Indonesia with the promise that "in our time" Indonesians will have the right of self-determination, full freedom or partnership in a Netherlands Kingdom.

11. The Yalta agreement on the Far East is published in Washington.

21. *China*—Students in Chungking demonstrate against the U.S.S.R.

25. *China*—An official Chinese statement of policy reasserts China's sovereignty over Manchuria and respect for the Sino-Soviet treaty of August, 1945.

An agreement is signed in Chungking providing for a national army of 60 divisions within 18 months, absorbing the Communist army.

26. *Japan*—The Far Eastern Commission opens in Washington.

27. *Outer Mongolia* signs a treaty of amity and mutual aid with the U.S.S.R.

28. *China* and France sign a treaty on the end of extraterritoriality, withdrawal of Chinese troops from north Indo-China, railroad and port rights, and other matters.

March 1946

4. *Indo-China*—France takes over control south of the 16th parallel.

5. *China*—Foreign Minister Wang states that Soviet withdrawal from Manchuria cannot be contingent on Chinese acquiescence in demands for concessions. The U.S. sends a note to the U.S.S.R. concerning the presence in Manchuria of Red Army forces. An American note to China supports China's resistance to Soviet demands in Manchuria.

6. *Japan*—A draft of the new constitution is released.

Indo-China—In an agreement signed at Hanoi, France accepts Viet Nam as a free state within the Indo-Chinese federation and French Union.

10. *Japan*—The Government orders a purge of intellectuals and businessmen.

China—Marshall leaves for the U.S.

13. *Indonesia*—Negotiations between the Indonesian delegation headed by Sjahrir and the Netherlands delegation under Van Mook open with Sir Archibald Clark-Kerr, special British envoy, as chairman.

15. *China*—Autonomous status is granted to Sinkiang.

16. *China*—The Kuomintang executive ratifies the PCC agreements for government reorganization and cooperation with the Communists.

Marshall makes a statement in Washington on the situation in Manchuria.

20. *China*—The Peoples' Political Council opens with the Communists not present.

Korea—The joint U.S.-Soviet Commission meets for the first time in Seoul.

24. *Siam*—Former Regent Luang Pradit Manutham is chosen Premier.

28. *China*—China accepts Soviet plans for the evacuation of Manchuria.

Discussions on economic cooperation in Manchuria are suspended.

April 1946

10. *Japan* holds a general election. Results: Liberals, 122 seats; Progressives, 88; Socialists, 79; Independents, 75; non-party, 12; Communists, 3.

12. *Indonesia*—Anglo-Dutch talks on Indonesia start in London.

14. *China*—Chou En-lai declares a state of all-out hostilities to exist in Manchuria owing to Government violations of the truce.

18. *China*—Marshall returns to Chungking.

19. *China*—The Communists capture Changchun.

22. *Japan*—The Shidehara Government resigns.

23. *Philippines*—Manuel Roxas defeats Osmeña in presidential election.

25. U.S.S.R. sends the U.S. a note rejecting the suggestion that Manchurian industry and other Japanese assets in Manchuria be used for reparation.

30. *Japan*—The four-power Allied Council meets for the first time.

May 1946

1. *China*—The Government moves from Chungking to Nanking.

2. *Japan*—The International Military Tribunal convenes in Tokyo.

Indonesia—The Overseas Minister reviews the situation in the Dutch Parliament.

8. *Korea*—The U.S.-Soviet commission adjourns *sine die*.

13. *Japan*—The Far Eastern Commission in Washington draws up a series of directives on reparations and the new Japanese constitution.

16. *Japan*—Yoshida, the new head of the Liberal party and Foreign Minister in Shidehara's cabinet, forms a government of Liberals and Progressives.

18. *France*—The official news agency states that France has no intention of ceding bases in any of her Pacific possessions to the U.S.

20. *China*—Marshall accuses both sides of fomenting hate campaigns which endanger the interests of the nation.

23. *China*—Government forces recapture Changchun.

25. *China*—Truce negotiations reopen in Nanking.

26. *Siam*—French troops invade Siam from Indo-China across the Mekong river.

27. *Siam* protests to the French Government through the British and U.S. ministers, also informs the U.N. of the French invasion.

June 1946

1. *Siam*—France announces it has asked the U.S. and U.K. to mediate in the dispute with Siam over the return of territories taken in 1941.

Indo-China—The French announce the formation of an "independent Cochinese Republic in the Indo-Chinese Federation and the French Union."

2. *Siam*—The King opens the first session of the new Parliament.

4. *Japan*—The trial of war criminals by the International Tribunal begins.

9. *Siam*—King Ananda Mahidol is found dead from a bullet wound. The legislature names his brother, Prince Phumiphon Aduldet, as King.

10. *Indo-China*—The Viet Nam Government protests the grant of federal republican status to Cochinese-China.

17. *China*—The Pauley mission issues a preliminary report in Mukden on the state of Manchurian industry.

20. *Japan*—Hirohito in an address to the Japanese Diet calls for approval of the new constitution in the name of "the supreme will of the people."

23. *Korea*—The Soviet consul and his staff leave Seoul as a result of the U.S. demand that he cease consular activities if the Soviets did not permit a U.S. Consulate in Heijo.

24. *China*—The Communist chief, Mao Tze-tung, demands that the U.S. no longer extend military aid to China and that all U.S. forces leave.

28. *China*—Acheson says 10,000 Marines will stay in China to guard supply lines from the interior to the coast.

30. *Philippines*—The U.S. returns the command of the Philippine Army to the Philippine Government.

July 1946

3. *Philippines*—The Philippine Senate approves the Philippine Trade Act.

4. *Philippines*—The Republic of the Philippines comes into being as the U.S. transfers sovereignty to it. A U.S.-Philippine treaty of general relations is signed.

6. *Indo-China*—A conference of French and Viet Nam delegates opens at Fontainebleau to discuss the relationship of Viet Nam to Indo-China and the French Union.

7. *China*—The Communist Central Committee Manifesto demands an unconditional truce without time limit and that the "U.S. government stop armed interference in Chinese internal affairs."

9. *China*—John Leighton Stuart is named U.S. Ambassador to China.

Korea—Hodge announces his support of the proposal to establish a legislative body to assist the military government in south Korea.

10. *Philippines*—President Roxas appoints General Carlos Romulo as perma-

ment representative to the U.N. and Joaquin M. Elizalde as ambassador to the U.S.

13. *Siam*—Siam submits the problem of its border dispute with Indo-China to the U.N. Security Council.

22. *China*—Mme. Sun Yat-Sen asks that U.S. forces withdraw from China.

23. *Indonesia*—Queen Wilhelmina speaks from the throne on Indonesia.

27. *China*—The Government rejects the Communists' proposal for an unconditional truce.

29. *China*—A Communist force ambushes a convoy of U.S. Marines.

August 1946

10. *China*—Marshall and Stuart issue a joint statement saying that peace in China appears impossible.

13. *China*—Chiang announces a 6-point policy including broadening of the government and convocation of the National Assembly.

23. *Siam*—Luang Thampong Nawasawat replaces Panamyong as Premier.

24. *Japan*—MacArthur orders the government to set aside as potential reparations 505 of Japan's largest and most modern industrial plants.

29. *Japan*—SCAP announces a ban on strikes which are inimicable to the objectives of the occupation.

30. *China*—Chou En-lai agrees to participate in a new five-man committee to pave the way for a coalition government providing Chiang first issues orders to halt the fighting.

31. *China* and the U.S. conclude an agreement on the sale of surplus U.S. property.

September 1946

8. *China*—Chou En-lai denies that his party has any connection with the U.S.S.R.

11. *Japan*—The Japanese Merchant Marine is virtually paralyzed by a strike of the Seamen's Union.

14. *Japan*—The Japanese Congress of Industrial Organizations orders a walk-out of all major industrial affiliates, to force the fall of the Yoshida government.

Indo-China—Viet Nam and France agree to a *modus vivendi*.

17. *Indonesia*—A Dutch Commission-General headed by Schermerhorn arrives in Java to negotiate a settlement.

19. *China*—Chou En-lai announces he has left the Nanking peace talks.

24. *U.S.S.R.*—Stalin, in answer to a British press correspondent, states he believes the earliest withdrawal of U.S. troops from China to be vital for future peace.

October 1946

1. *Korea*—Acheson re-emphasizes the intention of the U.S. to stay in Korea until it is united and free.

4. *China*—An armed group of Chinese Communists attacks a U.S. Marine Corps ammunition depot near Tientsin.

7. *China*—Marshall again proposes a 10-day truce for peace negotiations. Chiang accepts.

Japan—The lower House of the Diet passes the new constitution.

Indonesia—Dutch-Indonesian negotiations begin at Batavia.

8. *China*—The Communists reject Marshall's truce proposals.

Ambassador Stuart, in a speech, points to the need for "another internal revolution" in China.

9. *China*—Chiang invites the Communists to send delegates to the National Assembly. Chou En-lai rejects the offer.

10. *China*—Chiang is re-elected President of the Republic by the Kuomintang standing committee.

11. *China*—Government troops capture Kalgan.

12. *Japan*—The Diet passes the Land Reform Bill.

14. *Indonesia*—A conference in Batavia decides unanimously on a truce based on existing military positions.

15. *Korea*—An order creating an interim legislature is approved by U.S. authorities.

16. *China*—Chiang issues a statement of eight steps to national unity.

18. *China*—The Yenian radio announces Communist rejection of Chiang's terms and puts forward counter-proposals.

November 1946

3. *Japan*—In an imperial rescript, the new constitution is promulgated.

4. *China* and the U.S. sign a five-year treaty of friendship, commerce and navigation.

Philippines—The U.S. announces the formation of a joint Philippine-U.S. commission to study Philippine financial problems.

8. *Japan*—The government announces a purge of administrative officeholders and candidates.

10. *Indo-China*—The President of Cochinchina commits suicide.

15. *Indonesia*—The Dutch and Indonesians initial a draft agreement at Cheribon providing for *de facto* recognition of the Indonesian republic and the establishment of a federation, the U.S. of Indonesia, to be joined with the Netherlands in equal partnership under the Crown.

China—The National Assembly convenes to adopt a constitution. The Communists and the Democratic League refuse to attend.

16. *China*—Chou En-lai announces that the unilateral summoning of the National Assembly marks the end of negotiations.

Japan—Pauley submits to Truman recommendations on Japanese reparation.

17. *Siam* signs an agreement with France in Washington for the return of the provinces ceded by Vichy to Siam, and withdraws her complaint against France before the Security Council.

20. *China*—Chou En-lai announces the terms on which he will resume peace talks: the creation of a new inter-party conference, the forming of a coalition government, and the convening of a new National Assembly.

21. *Indo-China*—Fighting breaks out between French soldiers and Vietnamese.

28. *China*—Chiang presents a revised draft of the constitution to the Assembly. The Soviet Embassy in Nanking issues a sharply worded complaint on the treatment of Soviet nationals in Manchuria.

29. *Indonesia*—The last British and Indian troops leave Indonesia.

December 1946

6. *China*—In answer to Marshall's offer of mediation, the Communists refuse to negotiate unless the National Assembly is dissolved.

7. *China*—Communists in Manchuria refuse to permit U.S. Consul-General O. Edmund Clubb to proceed to his post in Harbin.

10. *Indonesia*—The Dutch Parliament is informed of the Cabinet's decision to authorize the signing of the Cheribon agreement.

12. *Korea*—The Legislative Assembly in the U.S. zone opens.

18. *China*—Truman outlines U.S. policy on China.

Japan—The Far Eastern Commission announces a policy of encouraging Japanese workers to organize into unions.

19. *Japan*—The U.S.S.R. agrees to repatriate 50,000 Japanese per month.
20. *China*—A U.S. Navy ship sails away from Dairen, Manchuria, after an ultimatum by Soviet military authorities.
- Indo-China*—Ho Chi-minh and his Viet Nam Government are forced by French troops to flee from Hanoi.
25. *China*—The new constitution is approved by the National Assembly.
- Indonesia*—The Provisional State of East Indonesia is proclaimed in the name of Queen Wilhelmina of the Netherlands. It comprises the NEI east of Java and Borneo, except New Guinea.
26. *Japan*—The extraordinary session of the Diet ends.
30. *China*—The government announces that parties which participated in the National Assembly have been invited to join the government.
31. *China*—Chiang signs an order promulgating the Constitution.

LATIN AMERICA

May 1945

- 11-18. The 3rd Inter-American Press Congress is held in Caracas.
15. Truman states U.S. willingness to negotiate a postwar inter-American treaty of mutual assistance.
24. *Chile* and the U.S. sign an agreement establishing a U.S. naval mission in Chile.
28. *Argentina*—Stettinius at San Francisco says that by voting to admit Argentina the U.S. has not changed its position that Argentina is expected to carry out her commitments under the Mexico City agreements.
- Brazil*—Vargas sets December 2, 1945, as the date of elections.
29. *Argentina* assures the U.S. that it will meet all its obligations under the Act of Chapultepec.

June 1945

2. *Argentina* and *Bolivia* conclude an agreement on railroad, highway and pipeline construction and on the development of oilfields in southern Bolivia.
6. *Brazil* declares war on Japan.
10. *Peru*—José Luis Bustamante is elected President.
19. *Argentina*—Braden in a speech reminds the government of its obligation to eliminate Axis firms.

July 1945

8. *Argentina*—President Farrell announces that a presidential election will be held, promises every effort to make it free and democratic.
12. *Mexico*—Padilla resigns as Foreign Minister.

August 1945

5. Senator Vandenberg suggests the American republics be given exclusive responsibility for policing the Western Hemisphere.
6. *Argentina*—The government lifts the state of siege decreed in 1941.
24. *Argentina*—Assistant Secretary Rockefeller charges that Argentina has failed to carry out its pledges under the Act of Chapultepec.
28. *Argentina*—Dr. Juan I. Cooke is appointed Foreign Minister.
29. The Board of Governors of the Pan American Union announces the formation of the Inter-American Economic and Social Council.
31. *Argentina*—Foreign Minister Cooke pledges cooperation with the United Nations, unity in the Americas.

September 1945

- 3. *Mexico*—Francisco Castillo Nájera is appointed Foreign Minister.
- 3-14. An Inter-American Coffee Conference is held at Mexico City.
- 3-27. The Third Inter-American Communications Conference is held at Rio.
- 7. *Argentina*—Braden, in his first talk with Cooke, says friendly relations with the U.S. are dependent on living up to the Mexico City agreements.
- 11. *Chile*—The Fomento Corporation receives a \$28 million Export-Import Bank credit for steel-mill equipment.
- Argentina* publishes a defense of its anti-Axis program.
- Brazil* receives a \$38 million credit from the Export-Import Bank.
- 19. *Argentina*—An anti-government demonstration takes place in Buenos Aires.
- 26. *Argentina*—The government reimposes the state of siege, arrests prominent newspaper directors and army officers.
- 29. *Brazil*—U.S. Ambassador Berle makes a speech implying that the U.S. would not favor postponement of the elections.

October 1945

- 3. *Argentina*—Acting Secretary of State Acheson announces that the U.S. refuses to be associated with Argentina in an inter-American defense pact under present circumstances.
- 5. The Conference of American Foreign Ministers scheduled to meet October 20 in Rio is postponed by the Governing Board of the Pan American Union.
- 9. *Argentina*—Troops march on Buenos Aires; General Avalos takes over the War Ministry; Perón resigns.
- 12. *Argentina*—All the ministers except Avalos resign on his demand.
- 17. *Argentina*—A general strike in favor of Perón occurs. The insurgent cabinet resigns. A cabinet of Perón supporters resumes power.
- 19. *Venezuela*—Revolutionaries seize power, oust President Medina.
- 22. *Venezuela*—Rómulo Betancourt is proclaimed provisional president.
- 25. *Brazil*—Vargas is forced to resign.
- 30. *Brazil*—Dr. Linhares, president of the Supreme Court, assumes the presidency.
- Venezuela*—The U.S. recognizes the Betancourt government.

November 1945

- 8. *Mexico* and the U.S. exchange ratifications of a treaty on water rights.
- 15. *Argentina*—A Labor party, pledged to support Perón, is formed. A Democratic Union of four anti-Perón parties—Radicals, Socialists, Communists and Progressive Democrats—comes into being.
- 21. The Governing Board of the Pan American Union recommends that the postponed Rio Conference be held between March 15 and April 15.
- 22. *Uruguay* submits a proposal for collective intervention.
- 27. Byrnes announces unqualified adherence to the principle of collective intervention in the Uruguayan proposal.

December 1945

- 2. *Brazil*—Gen. Eurico Gaspar Dutra is elected President.
- 5. Carlos Martins, Brazilian Ambassador to the U.S., is elected Chairman of the Board of Governors of the Pan American Union.
- 29. *Brazil*—President-elect Dutra promises the re-establishment of democracy, the continuance of full military co-operation with the U.S., a welcome to foreign capital and immigrants.
- 30. *Argentina*—José Tamborini is named candidate of the Democratic Union to run against Perón for the presidency.

January 1946

- 11. *Haiti*—A military coup overthrows Elie Lescot, president since 1941.
- 14. *Guatemala*—Britain offers to submit the 87-year-old dispute over British Honduras to the International Court.
- 17. *Chile*—Alfredo Duhalde becomes Acting President on illness of President Ríos.
- 27. *Venezuela*—Betancourt says that the validity of the U.S. and British oil concessions acquired during previous regimes will not be questioned.
- 29. *Chile*—The leaders of the Chilean Federation of Labor are arrested and a 60-day state of siege is decreed after riots.
- 31. *Brazil*—Dutra is inaugurated as President.

February 1946

- 1. *Brazil*—The Constituent Assembly holds its first meeting.
- 7. *Mexico*—The British Foreign Office announces an agreement of the Mexican, Dutch and British governments on compensation due Dutch and British subjects for expropriated oil properties.
- 9. *Argentina*—Perón issues a statement advocating friendship with the U.S. and inviting U.S. capital to Argentina.
- 12. *Argentina*—The U.S. issues a Blue Book charging that Argentina aided the German war effort and is still being used as a Nazi base.
- 15. *Argentine* Foreign Minister Cooke says that the Blue Book violates the U.S. pledge of non-intervention.
- 21—March 13. Delegates of 15 non-self-governing territories of the West Indies meet at St. Thomas, V.I., to draw up recommendations to the Caribbean Commission.
- 22. *Argentina*—Perón publishes a Blue and White Book which charges that U.S. Embassy staff members spied against the Argentine Government.
- 24. *Argentina*—Perón is elected President.

March 1946

- 6. *Brazil* polls the American republics on postponement of the Rio Conference.
- 13. The Pan-American Union postpones indefinitely the Rio Conference.
- 16. *Venezuela*—The government releases all political prisoners.
- 25. *Argentina*—The Central Bank is nationalized.
- 28. *Argentina* refuses an invitation to join UNRRA.
- 30. *Ecuador*—A plot against the Ibarra government is suppressed.

April 1946

- 1. *Cuba*—Byrnes notifies Cuba that the U.S. is giving up bases there built during the war.
- 1-16. The Third Regional Conference of the ILO meets in Mexico City.
- 4. *Brazil*—The Foreign Minister issues a memorandum saying Brazil has no wish to exclude Argentina from any hemisphere mutual defense treaty.
- 8. *Argentina*—The State Department announces that the U.S. will participate with Argentina in a hemisphere defense pact if Perón's government carries out its pledges to eliminate Axis influence.
- Haiti*—The U.S. recognizes the new government.
- 24. *Argentina*—A government decree makes private banks financial agents of the Central Bank. The Government guarantees all deposits.

May 1946

- 4. *Colombia*—Mariano Ospina Pérez, Conservative, is elected President over Gabriel Turbay and Jorge E. Gaitán, Liberals.

6. Truman transmits to Congress a bill for inter-American military cooperation, including standardization of equipment.

13. *Brazil*—Jacob Suritz, Soviet ambassador, arrives in Rio.

23. *Argentina*—Perón orders his followers of the Labor and Peronista Radical parties to unite in a single national revolutionary party.

24. *Brazil*—The government bans Communist meetings.

Argentina—The state of siege is lifted.

June 1946

2. *Brazil*—Communist headquarters and those of two big labor unions are seized by police.

4. *Argentina*—Perón is inaugurated as President.

6. *Argentina* and the U.S.S.R. establish diplomatic relations.

25. *Argentina*—The U.S. releases the Argentine gold in the Federal Reserve Bank of New York.

27. *Chile*—President Ríos dies.

July 1946

7. *Mexico*—Miguel Alemán is elected President.

11. *Argentina*—Negotiations with the British Trade Mission open.

12. *Brazil* and the U.S. conclude an agreement on the sale of surplus property.

15. Great Britain, the U.S., France, and the Netherlands sign an agreement in Washington making the Anglo-American Caribbean Commission a 4-power Caribbean Commission and providing for a continuing "conference" of representatives of colonial peoples.

17. *Argentina*—Perón announces that the Runciman-Roca treaty of 1933 with Britain will not be renewed.

18. The Governing Board of the Pan American Union adopts a "Draft Declaration of the Rights and Duties of the American States," and refers it to the member governments.

19. *Paraguay*—President Morínigo revokes the 1940 ban on political activity.

21. *Bolivia*—President Villaroel is lynched and his regime overthrown.

22. *Bolivia*—A revolutionary provisional government promises free elections, restoration of civil liberties and release of political prisoners.

23. *Bolivia*—The revolutionary government announces it intends to follow the constitution, respect native and foreign capital, and fulfill international obligations.

26. *Paraguay*—Morínigo forms a two-party cabinet, ending his dictatorship.

29. *Brazil*—Dutra forbids organized labor to engage in political activity.

August 1946

9. *Uruguay* and the U.S.S.R. sign a commercial treaty.

11. *Ecuador*—Velasco Ibarra is re-elected President of the Republic by the Assembly, 43 to 10. The Center and Left parties refuse to vote.

13. *Bolivia*—The U.S. and Argentina recognize the new government.

30. *Argentina*—The Chamber of Deputies approves the Act of Chapultepec and the U.N. Charter, following Senate ratification on August 19.

31. *Brazil*—The Assembly is called into special session to deal with economic conditions causing popular unrest.

September 1946

1. *Brazil*—Martial law is declared in Rio after two days of rioting.

2. *Argentina*—Perón says the misunderstanding between Argentina and the

rest of the Western Hemisphere is ended with its ratification of the Act of Chapultepec and the U.N. Charter.

4. *Chile*—Presidential elections are held. Gabriel González Videla, candidate of left bloc, wins a plurality. The vote: González, 191,351; Eduardo Cruz Coke (Conservative), 141,134; Fernando Alessandri (Liberal), 129,092.

11. *Panama* and the U.S. agree to consult on defending the Panama Canal.

12. A conference of the five Central American republics opens in Santa Ana, El Salvador, to discuss Central American federation.

17. *Argentina*, after prolonged negotiation, signs an economic agreement with the U.K. It contains provision for the purchase by Argentina of the British-owned railways in Argentina.

Brazil—A new constitution is promulgated.

October 1946

4. *Brazil* and *Argentina* sign a commercial treaty.

14. *Brazil*—President Dutra reshuffles his cabinet.

21. *Argentina*—Perón presents to a special session of Congress his five-year plan for the industrialization and development of Argentina.

24. *Chile*—González Videla is confirmed as President by a special joint session of Congress, 138 to 46.

27. *Venezuela*—Elections are held for the National Assembly to draft a new constitution. Results: Acción Democrática, 988,457; Copei, 169,737; URD, 51,174; Communists, 49,613.

30. *Argentina* and Spain sign a trade agreement.

November 1946

1. *Chile*—U.S. warships visit Chile.

3. *Chile*—González Videla is inaugurated as President.

8. *Argentina* and the U.S.S.R. start negotiations for a treaty of commerce, navigation, and friendship.

14. *Colombia*—The Liberal ministers resign following a vote by the Liberal majorities in Congress to cease cooperation with the President.

15. *Colombia*—The Conservative ministers resign leaving the President free to reorganize the government.

24. *Uruguay*—Tomás Berreta (Colorado party) is elected President.

28. *Argentina*—Perón tells a group of leading industrialists that capitalism is dying out and that state control is necessary to check communism.

30. *Brazil*—Vargas attacks the government at a Labor party rally.

December 1946

1. *Argentina* declares its willingness to receive four million Europeans, starting with 30,000 a month.

Mexico—Miguel Alemán is inaugurated President.

2. *Panama*—The cabinet resigns, giving President Jiménez a free hand to reorganize the government.

12. *Colombia*—President Ospina Pérez announces his new cabinet.

13. *Argentina* and *Chile* sign a pact of economic collaboration.

14. *Chile*—Defining Chilean Antarctica as "the polar sector comprised between the 53rd and 90th meridians west of Greenwich," the Foreign Office declares that Chilean sovereignty over it indisputable.

30. *Argentina* and *Uruguay* sign a commercial pact.

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